



**SOUTHGATE RECREATION & PARK DISTRICT**

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

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**

**JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
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SACRAMENTO, CA**

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**SOUTHGATE RECREATION & PARK DISTRICT**

**JUNE 30, 2016**

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**BOARD OF DIRECTORS**

Rolfe Appel

Lisa Dills

Phyllis Evans

Monti Hall

Christine Thompson

\* \* \* \*

General Manager  
Ward Winchell

Administration Manager  
Paula Hansen

# **SOUTHGATE RECREATION & PARK DISTRICT**

**JUNE 30, 2016**

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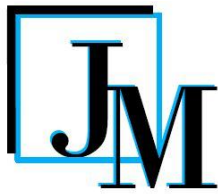
<b>TABLE OF CONTENTS</b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Basic Financial Statements	22
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	48
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Country Creek Fund	49
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	50
Footnote to Required Supplementary Information	51

**SOUTHGATE RECREATION & PARK DISTRICT**

**JUNE 30, 2016**

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<b>TABLE OF CONTENTS</b>	<b><u>PAGE</u></b>
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Non-Major Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Funds	54
Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget to Actual (budgetary Basis) – Non-Major Funds	56
Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget to Actual (budgetary Basis) – Debt Service Fund	62
Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget to Actual (budgetary Basis) – Capital Projects Funds	63
<b>OTHER INDEPENDENT AUDITOR’S REPORT</b>	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	65



## **James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southgate Recreation & Park District  
Sacramento, California

#### **Report on the Financial Statements**

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 Southgate Recreation & Park District (the District), as of and for the year ended June 30, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southgate Recreation & Park District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof 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 on pages 4 to 12 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Country Creek Fund Budgetary Comparison Schedule, and Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 47 to 50 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.

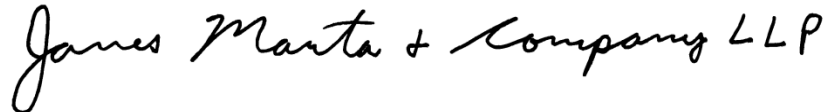
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2016 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 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 10, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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**Management's Discussion and Analysis**

This section of Southgate Recreation & Park District's (the "District") financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016.

**Financial Highlights**

The District's total assets exceeded liabilities by \$75,500,198 (total net position). The total net position increase is \$2,229,840 or a 3.04% increase from last year.

The District's net position in Governmental Activities increased \$2,130,250 or 3.09% and the net position in Business-type Activities increased \$99,590 or 2.26%

The total fund balances in the General Fund were \$3,946,766. \$587,137 of the fund balance in the General Fund is committed as contingency for operations. In addition, \$3,318,470 is committed for future capital projects.

**Overview of the Financial Statements**

The District's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

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

The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net position.

The Statement of Activities presents information that shows the changes to the District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event creating the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish the functions of the District that are Governmental Activities or Business-type Activities. The governmental activities are those that are financed primarily by property taxes or assessments.

The governmental activities of the District include maintenance of parks, landscape corridors, open space, recreation facilities, community centers and swimming pools; and provision of recreation programs. The government-wide financial statements include the General Fund, Landscaping and Lighting Assessment District funds, two Mello-Roos Community Facilities District funds, the debt service fund, two endowment special revenue funds and six capital projects funds.

The business-type activities are those that recover a significant portion of their costs through user fees and charges. The business-type activity of the District is WildHawk Golf Club.

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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**Governmental Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The difference is governmental funds focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year.

The District maintains 25 individual governmental funds. The major funds are the General Fund, Country Creek Fund, Vineyard Springs Development Impact Fees Fund, Capital Projects Fund, Capital Projects Bond Proceeds Fund, In Lieu Fees Fund and North Vineyard Station Development Impact Fees Fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements beginning on page 51.

The District adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

**Proprietary Funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses proprietary funds to account for WildHawk Golf Club. The Golf with Attitude Fund merged with the WildHawk Fund in Fiscal Year 2014-2015. The Golf with Attitude Fund was a business-type activity which was used to account for costs incurred and sales revenue associated with Golf with Attitude merchandise.

**Notes to the Financial Statements.** The notes provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 22 - 46 of this report.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the District's non-major governmental funds. Required supplementary information can be found starting on page 46.

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Government-wide Financial Analysis**

Over time, net position may serve as a useful indicator of the District's financial position. Assets exceeded liabilities by \$75,500,198 at the close of the fiscal year. The largest portion of the District's assets is capital assets (e.g. land, buildings, park improvements and equipment) less any related debt to acquire these assets that is still outstanding. The following table summarizes the net position for 2015 and 2016.

Southgate Recreation and Park District  
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 27,431,246	\$ 28,734,253	\$ 545,462	\$ 83,569	\$ 27,976,708	\$ 28,817,822
Capital assets, net	50,174,206	46,473,722	10,325,117	10,347,032	60,499,323	56,820,754
<b>Total assets</b>	<b>77,605,452</b>	<b>75,207,975</b>	<b>10,870,579</b>	<b>10,430,601</b>	<b>88,476,031</b>	<b>85,638,576</b>
Current and other liabilities	1,704,669	703,757	398,875	521,440	2,103,544	1,225,197
Long-term liabilities outstanding	4,908,060	5,641,745	5,964,229	5,501,276	10,872,289	11,143,021
<b>Total liabilities</b>	<b>6,612,729</b>	<b>6,345,502</b>	<b>6,363,104</b>	<b>6,022,716</b>	<b>12,975,833</b>	<b>12,368,218</b>
Net position:						
Net investment in capital assets	44,798,317	40,787,859	4,181,832	4,558,484	48,980,149	45,346,343
Restricted	22,314,242	24,484,896	-	-	22,314,242	24,484,896
Unrestricted	3,880,164	3,589,718	325,643	(150,599)	4,205,807	3,439,119
<b>Total net position</b>	<b>\$ 70,992,723</b>	<b>\$ 68,862,473</b>	<b>\$ 4,507,475</b>	<b>\$ 4,407,885</b>	<b>\$ 75,500,198</b>	<b>\$ 73,270,358</b>

**Governmental Activities.** Governmental activities increased the District's net position by \$2,130,250 or 3.09%. Most of the increase in net position is attributed to the receipt of development impact fees which are restricted to funding future capital projects.

**Business-type Activities.** Business-type activities increased the District's net position by \$99,590. This represents a 2.26% increase in net position during the fiscal year. Total expenses exceed program revenues by \$324,030. 2015 Refunding Bonds were issued in August 2015 to refinance previous debt. Cost of Issuance less bond premium was \$110,511. Transfers of \$423,620 from the General Fund were made to fund expenditures and capital projects. The following table summarizes the changes in net position for governmental and business-type activities.

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

Southgate Recreation and Park District Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 627,266	\$ 590,318	\$ 2,054,247	\$ 2,093,474	\$ 2,681,513	\$ 2,683,792
Operating Contributions and Grants	1,253,489	992,126	-	-	1,253,489	992,126
Capital Contributions and Grants	-	-	-	-	-	-
Total program revenues	1,880,755	1,582,444	2,054,247	2,093,474	3,935,002	3,675,918
General Revenues:						
Taxes and Assessments	6,856,792	6,623,077	-	-	6,856,792	6,623,077
In-kind revenues	-	-	-	-	-	-
In Lieu Fees	46,494	428,820	-	-	46,494	428,820
Use of Money and Property	574,722	194,650	-	-	574,722	194,650
Total general revenues	7,478,008	7,246,547	-	-	7,478,008	7,246,547
Total Revenues	9,358,763	8,828,991	2,054,247	2,093,474	11,413,010	10,922,465
<b>EXPENSES</b>						
Recreation and Parks	5,693,801	5,376,730	-	-	5,693,801	5,376,730
Interest on long-term debt	262,374	299,008	-	-	262,374	299,008
Depreciation	969,228	1,012,439	-	-	969,228	1,012,439
Golf	-	-	2,378,277	2,099,144	2,378,277	2,099,144
Total expenses	6,925,403	6,688,177	2,378,277	2,099,144	9,303,680	8,787,321
Increase (decrease) in net position	2,130,250	2,284,196	99,590	240,902	2,229,840	2,525,098
Transfers	(303,110)	(138,129)	423,620	246,572	120,510	108,443
Extraordinary Item	-	281,511	-	-	-	281,511
Total transfers and extraordinary item	(303,110)	143,382	423,620	246,572	120,510	389,954
Change in net position	2,130,250	2,284,196	99,590	240,902	2,229,840	2,525,098
Net position at beginning of fiscal year	68,862,473	66,578,277	4,407,885	4,166,983	73,270,358	70,745,260
Net position at end of fiscal year	<u>\$ 70,992,723</u>	<u>\$68,862,473</u>	<u>\$ 4,507,475</u>	<u>\$ 4,407,885</u>	<u>\$ 75,500,198</u>	<u>\$73,270,358</u>

**Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

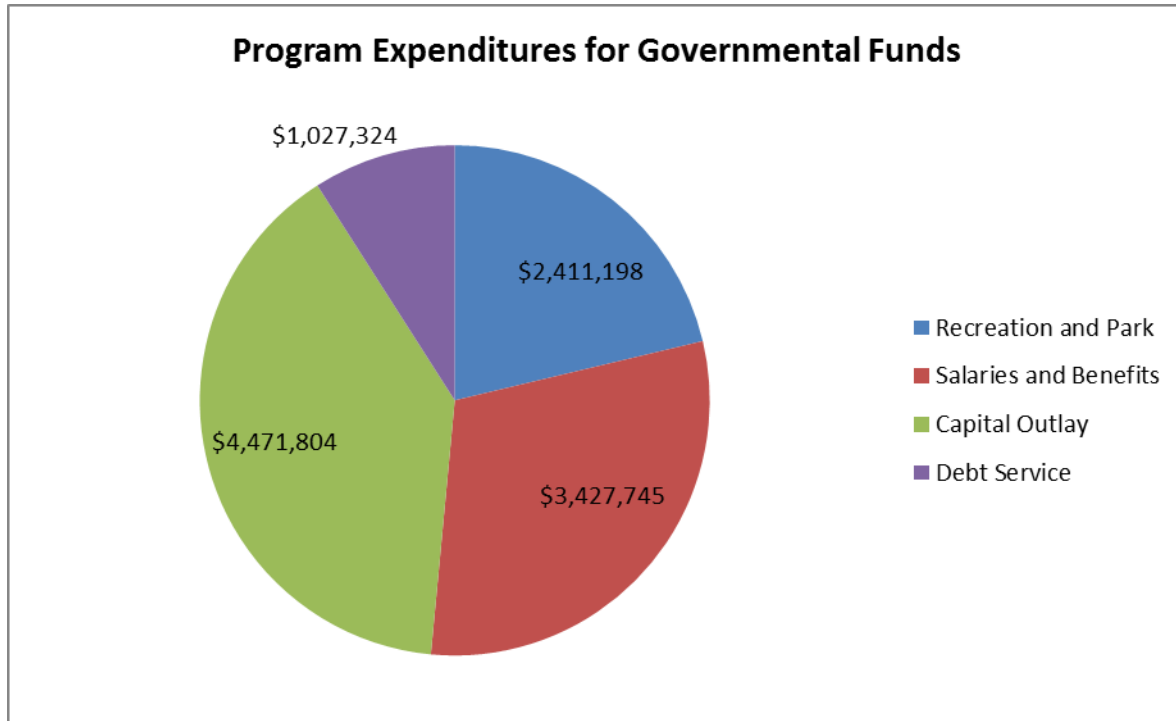
**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the District's resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is the main operating fund for the District. The Fund Balance in the General Fund decreased \$111,764 or 2.8%. Revenues from operations exceeded expenses from operations by \$991,845. The District spent \$1,103,609 on capital, equipment and related debt service.

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

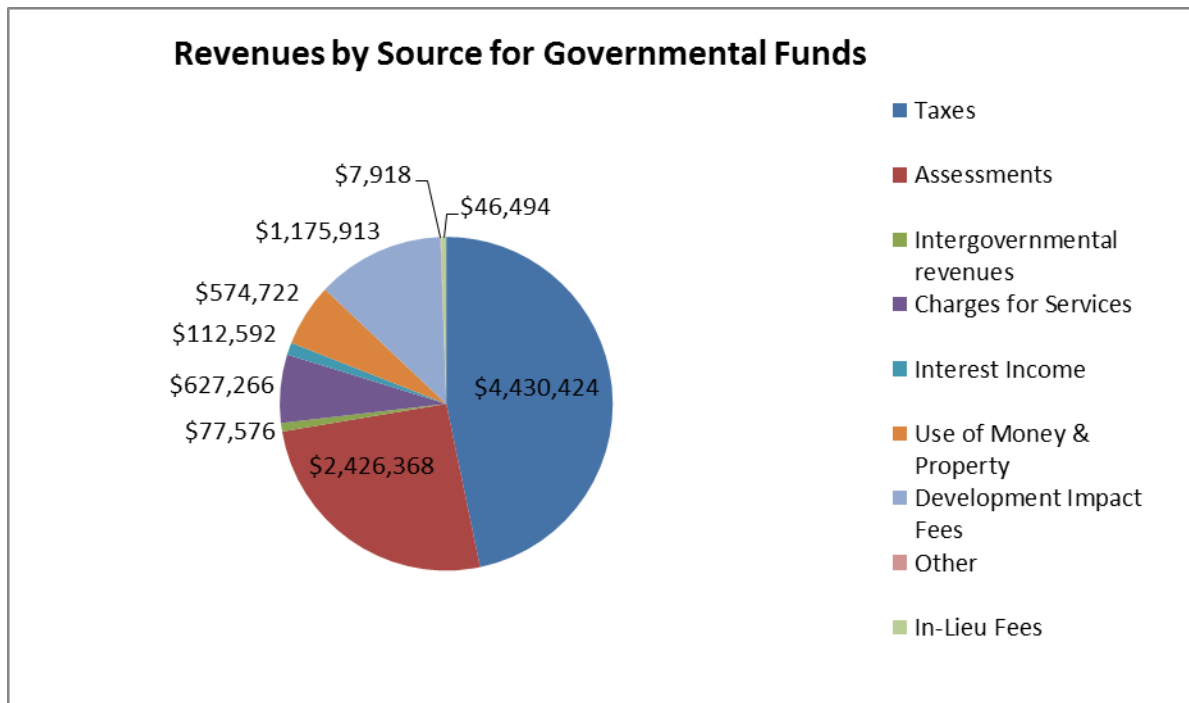
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The Board of Directors committed \$587,137 or 10% of operations budget of the fund balance for contingencies and the remainder is committed for capital projects. The following charts illustrate the types of program expenditures and sources of program revenue for the governmental funds:



**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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*The governmental funds also include Special Revenue Funds for fourteen Landscaping and Lighting Assessment District funds, two Mello-Roos Community Facilities District funds, two endowment funds, Vineyard Development Impact Fees Fund, Vineyard Springs Development Impact Fees Fund, North Vineyard Station Development Impact Fees Fund, Debt Service Fund, In-Lieu Fees Fund, Capital Projects Bond Proceeds Fund and Capital Projects Fund.*

New home construction growth provides revenue in the form of development impact fees to the Vineyard Springs, Vineyard and North Vineyard Station Development Impact Fees Funds. These funds are restricted for future capital projects. The District will continue to build facilities in the new subdivisions in future fiscal years.

#### **General Fund Budgetary Highlights**

Total revenues were \$285,816 or 5.2% over budget. Property taxes were \$120,010 or 2.6% less than budgeted. The budget variance in property taxes is a result of the County of Sacramento rescinding previously paid property tax revenues from redevelopment areas. The County of Sacramento recalculated the distributions of residual and passthrough allocations for the four year period of Fiscal Year 2011-2012 to Fiscal Year 2014-2015 and claimed that revenues were overpaid by \$129,923. In Fiscal Year 2015-2016 the property tax revenue from redevelopment areas was \$45,157.

Recent drought conditions and rapidly increasing water costs have had a significant impact on operations. There have been five years of below average rainfall. In January, 2014 the Governor of California declared a State of Emergency projecting that 2014 will be the driest year on record and asked Californians to conserve at least 20%. Due to severe drought conditions, effective May, 2015, the State Water Resource Control Board is requiring a 25% reduction in water use. In addition, water costs have nearly doubled in the past four years. The cost per gallon of water has increased significantly. Also, because of the ongoing drought, the District has had to use much more water than during normal rainfall years. Revenue from property taxes and assessments

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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has not increased to pay for the additional expense. District staff identified areas where water could be reduced having the least impact on the recreation usage by the community. Future park development and maintenance practices will be changed to minimize water use.

District staff is encouraged to efficiently use resources where possible. Operational expenditures were \$801,029 or 14.5% under budget. The District aggressively reduced the use of water in response to the drought which resulted in decreased expenditures for water, electricity and maintenance. Operational expenditures will increase with the completion of the Vineyard Community Center, Aquatic Center and Support Facility Project in Fiscal Year 2016-2017.

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Capital Assets**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 was \$60,499,322 (net of accumulated depreciation.) The investment in capital assets includes land, buildings, parks and parkways, and equipment. The total increase in the District's capital assets for the fiscal year was \$3,678,568 or 6.5%. Capital assets for governmental and business-type activities are presented below to illustrate changes from the prior year.

Southgate Recreation and Park District Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$28,983,293	\$28,748,073	\$8,760,000	\$8,760,000	\$37,743,293	\$37,508,073
Golf Course	-	-	252,733	311,262	252,733	311,262
Construction in progress	5,593,899	1,230,284	-	-	5,593,899	1,230,284
Structures and improvements	15,354,927	16,300,961	1,142,375	1,158,452	16,497,302	17,459,413
Equipment	242,087	194,404	170,008	117,318	412,095	311,722
Total	<u>\$50,174,206</u>	<u>\$46,473,722</u>	<u>\$10,325,116</u>	<u>\$10,347,032</u>	<u>\$60,499,322</u>	<u>\$56,820,754</u>

Investment in capital assets for governmental activities increased \$3,700,484 or 8%. Increases in capital assets included the following projects:

**Construction in Progress**

- Vineyard Community Center, Aquatic Center and Support Facility
- Vineyard Point Park
- WildHawk West Park
- Olde Florintown Park Parking Lot Refurbishment

**Completed Projects**

- Fruitridge Aquatic Center Roof Replacement
- Sheldon Administrative Office Security System

The capital assets for the business-type activities decreased \$21,916 or 0.21%. Capital assets in the amount of \$89,749 were added, which was less than depreciation expense of \$111,665. Additional information on the District's capital assets can be found in note 4 on page 33 of this report.



**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**Debt Administration**

The following table provides a summary of the outstanding debt for this year and last year:

Southgate Recreation and Park District Outstanding Long-Term Debt						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certificates of Participation, 2010 Issue	\$4,525,000	\$4,655,000	\$ -	\$ -	\$4,525,000	\$4,655,000
Refunding Bonds, 2005 Issue	-	501,390	-	\$5,688,610	-	6,190,000
Installment Sale Lease, 2005 Issue	199,432	234,472	-	-	199,432	234,472
Refunding Bonds, 2004 Issue	-	-	-	-	-	-
Refunding Bonds, 2015 Issue	-	-	5,990,000	-	5,990,000	-
Equipment Leases	66,448	91,541	146,822	99,940	213,270	191,481
Securitized Limited Obligation Note	138,584	203,460	-	-	138,584	203,460
Other Post-Employment Benefits	246,363	237,734	-	-	246,363	237,734
Compensated Absences	200,062	155,926	58,980	52,515	259,042	208,441
Total Long-term Liabilities	<u>\$5,375,889</u>	<u>\$6,079,523</u>	<u>\$6,195,802</u>	<u>\$5,841,065</u>	<u>\$11,571,691</u>	<u>\$11,920,588</u>

On August 20, 2015 the District issued refunding bonds in the amount of \$5,990,000, maturing October 1, 2040 with interest rates ranging from 3.00% to 4.17%. The purpose of the bonds is to retire the \$5,990,000 in 2005 Refunding Bonds maturing October 1, 2030. Reducing annual debt service by over \$160,000 per year. Additional information on the District's long-term debt is in note 5 on page 35 of this report.

**Economic Factors and Future Years' Budgets**

Property taxes and assessments are the primary source of funding for Southgate Recreation & Park District. Economic data indicates that the real estate market is continuing to recover. The median home price has increased 51% since 2011. Development of new housing is starting to increase. Property tax revenues increased \$764,704 or 20.9% since 2013.

Effective February 1, 2012, the State of California dissolved redevelopment agencies, which received a portion of property taxes from properties within the boundaries of a redevelopment area. As a result, property taxes previously distributed to redevelopment agencies that are not committed for bonds and other obligations are now being allocated to local government agencies.

The budget variance in property taxes is a result of the County of Sacramento rescinding previously paid property tax revenues from redevelopment areas. The County of Sacramento recalculated the distributions of residual and passthrough allocations for the four year period of Fiscal Year 2011-2012 to Fiscal Year 2014-2015 and claimed that revenues were overpaid by \$129,923. In Fiscal Year 2015-2016 the property tax revenue from redevelopment areas was \$45,157.

Property taxes increased \$78,638 or 1.8% in Fiscal Year 2015-2016 and are projected to continue to increase gradually in future fiscal years. Unemployment in Sacramento has decreased from a high of 12.5% in 2011 to 5.2% as of April 2016. Consumer confidence is improving. These factors influence District residents' ability and willingness to pay for local recreation programs. Economic forecasts continue to indicate that recovery

**SOUTHGATE RECREATION & PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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will be slow.

**Requests for Information**

This financial report is designed to provide a general overview of the Southgate Recreation & Park District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Administration Manager, Southgate Recreation & Park District, 6000 Orange Avenue, Sacramento, CA 95823, (916) 428-1171.

## **BASIC FINANCIAL STATEMENTS**

# SOUTHGATE RECREATION & PARK DISTRICT

## STATEMENT OF NET POSITION

**JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 26,807,737	\$ 455,485	\$ 27,263,222
Accounts receivable	567,928	8,448	576,376
Interest receivable	14,422	-	14,422
Inventory	-	81,529	81,529
Prepaid expenses	41,159	-	41,159
Capital assets			
Nondepreciable	34,577,192	8,760,000	43,337,192
Depreciable, net	<u>15,597,014</u>	<u>1,565,117</u>	<u>17,162,131</u>
 Total Assets	 <u>77,605,452</u>	 <u>10,870,579</u>	 <u>88,476,031</u>
<b>LIABILITIES</b>			
Accounts payable	723,277	22,393	745,670
Accrued expenses	384,371	23,100	407,471
Unearned revenue	62,590	84,645	147,235
Interest payable	66,602	37,164	103,766
Long-term liabilities:			
Due within one year	467,829	231,573	699,402
Due in more than one year	<u>4,908,060</u>	<u>5,964,229</u>	<u>10,872,289</u>
 Total Liabilities	 <u>6,612,729</u>	 <u>6,363,104</u>	 <u>12,975,833</u>
<b>NET POSITION</b>			
Net investment in capital assets	44,798,317	4,181,832	48,980,149
Restricted for:			-
Special revenues - recreation and parks	6,926,527	-	6,926,527
Capital projects	15,387,715	-	15,387,715
Unrestricted	<u>3,880,164</u>	<u>325,643</u>	<u>4,205,807</u>
 Total Net Position	 <u>\$ 70,992,723</u>	 <u>\$ 4,507,475</u>	 <u>\$ 75,500,198</u>

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

**SOUTHGATE RECREATION & PARK DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges For Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business Type Activities	Total
	Expenses						
Governmental activities:							
Recreation and parks	\$ 5,693,801	\$ 627,266	\$ 1,253,489	\$ -	\$ (3,813,046)	\$ -	\$ (3,813,046)
Interest on long-term liabilities	262,374	-	-	-	(262,374)	-	(262,374)
Depreciation (unallocated)	969,228	-	-	-	(969,228)	-	(969,228)
Subtotal governmental activities	6,925,403	627,266	1,253,489	-	(5,044,648)	-	(5,044,648)
Business type activities:							
Enterprise activities	2,378,277	2,054,247	-	-	-	(324,030)	(324,030)
Total governmental and business-type activities	\$ 9,303,680	\$ 2,681,513	\$ 1,253,489	\$ -	(5,044,648)	(324,030)	(5,368,678)
General revenues:							
Property taxes					6,856,792	-	6,856,792
In-lieu fees					46,494	-	46,494
Other revenues					7,918	-	7,918
Interest income					112,592	-	112,592
Use of money and property					574,722	-	574,722
Transfers					(423,620)	423,620	-
Total general revenues and transfers					7,174,898	423,620	7,598,518
Change in net position					2,130,250	99,590	2,229,840
Net position - July 1, 2015					68,862,473	4,407,885	73,270,358
Net position - June 30, 2016					\$ 70,992,723	\$ 4,507,475	\$ 75,500,198

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

**SOUTHGATE RECREATION & PARK DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Country Creek Fund	Vineyard Springs Development Impact Fees Fund	Capital Projects Fund	Capital Projects Bond Proceeds Fund	In-Lieu Fees Fund	North Vineyard Station Development Impact Fees Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and investments	\$ 183,565	\$ 3,519,053	\$ 3,786,233	\$ 1,082,174	\$ -	\$ 3,640,385	\$ 4,614,264	\$ 5,849,693	\$ 22,675,367
Cash with fiscal agent	-	-	-	-	4,132,370	-	-	-	4,132,370
Accounts receivable	204,138	5,097	115,337	16,386	-	18,954	180,243	27,773	567,928
Interest receivable	1,608	2,600	2,878	(378)	-	-	3,487	4,227	14,422
Prepaid expenditures	41,159	-	-	-	-	-	-	-	41,159
Due from other funds	3,687,398	-	-	3,687,398	-	-	-	-	7,374,796
Total Assets	<u>\$ 4,117,868</u>	<u>\$ 3,526,750</u>	<u>\$ 3,904,448</u>	<u>\$ 4,785,580</u>	<u>\$ 4,132,370</u>	<u>\$ 3,659,339</u>	<u>\$ 4,797,994</u>	<u>\$ 5,881,693</u>	<u>\$ 34,806,042</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 102,289	\$ 9,233	\$ -	\$ 572,538	\$ -	\$ -	\$ -	\$ 39,217	\$ 723,277
Accrued expenses	6,223	5,520	-	372,628	-	-	-	-	384,371
Unearned revenue	62,590	-	-	-	-	-	-	-	62,590
Due to other funds	-	-	-	3,687,398	3,687,398	-	-	-	7,374,796
Total Liabilities	<u>171,102</u>	<u>14,753</u>	<u>-</u>	<u>4,632,564</u>	<u>3,687,398</u>	<u>-</u>	<u>-</u>	<u>39,217</u>	<u>8,545,034</u>
<b>Fund Balances:</b>									
Nonspendable	41,159	-	-	-	-	-	-	-	41,159
Restricted	-	3,511,997	3,904,448	153,016	444,972	3,659,339	4,797,994	5,842,476	22,314,242
Committed	3,905,607	-	-	-	-	-	-	-	3,905,607
Total Fund Balances	<u>3,946,766</u>	<u>3,511,997</u>	<u>3,904,448</u>	<u>153,016</u>	<u>444,972</u>	<u>3,659,339</u>	<u>4,797,994</u>	<u>5,842,476</u>	<u>26,261,008</u>
Total Liabilities and Fund Balances	<u>\$ 4,117,868</u>	<u>\$ 3,526,750</u>	<u>\$ 3,904,448</u>	<u>\$ 4,785,580</u>	<u>\$ 4,132,370</u>	<u>\$ 3,659,339</u>	<u>\$ 4,797,994</u>	<u>\$ 5,881,693</u>	<u>\$ 34,806,042</u>

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

**SOUTHGATE RECREATION & PARK DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2016**

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Total fund balances - Governmental Funds	\$	26,261,008
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In governmental funds only current assets are reported.  
 In the statement of net position, all assets are reported,  
 including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	70,416,865	
Accumulated depreciation		(20,242,659)	50,174,206

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:

Certificates of participation	(4,525,000)	
Refunding lease	(199,432)	
Securitized limited obligation note	(138,584)	
Installment Sale Agreement	(66,448)	
Other postemployment benefits	(246,363)	
Compensated absences	(200,062)	(5,375,889)

Unmatured interest on long-term liabilities is recognized in the period incurred.		(66,602)
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Total net position - governmental activities	\$	70,992,723
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**SOUTHGATE RECREATION & PARK DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Country Creek Fund	Vineyard Springs Development Impact Fees Fund	Capital Projects Fund	Capital Projects Bond Proceeds Fund	In-Lieu Fees Fund	North Vineyard Station Development Impact Fees Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>									
Tax and assessments	\$ 4,430,424	\$ 521,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,904,781	\$ 6,856,792
Intergovernmental Revenues	77,576	-	-	-	-	-	-	-	77,576
Charges for Services	627,266	-	-	-	-	-	-	-	627,266
In-lieu Fees	-	-	-	-	-	46,494	-	-	46,494
Use of money and property	574,722	-	-	-	-	-	-	-	574,722
Interest income (expense)	13,887	10,275	11,603	17,336	14,950	23,045	6,412	15,084	112,592
Developer fees	-	-	417,808	-	-	-	649,972	108,133	1,175,913
Other revenues	7,918	-	-	-	-	-	-	-	7,918
Total revenues	5,731,793	531,862	429,411	17,336	14,950	69,539	656,384	2,027,998	9,479,273
<b>EXPENDITURES</b>									
Salaries and benefits	3,427,745	-	-	-	-	-	-	-	3,427,745
Recreation and parks	1,226,031	175,518	-	-	-	-	-	1,009,649	2,411,198
Capital outlay	86,172	-	-	4,385,632	-	-	-	-	4,471,804
Debt service:									
Principal	-	-	-	-	-	-	-	756,398	756,398
Interest	-	-	-	-	-	-	-	270,926	270,926
Total expenditures	4,739,948	175,518	-	4,385,632	-	-	-	2,036,973	11,338,071
Excess (deficiency) of revenues over (under) expenditures	991,845	356,344	429,411	(4,368,296)	14,950	69,539	656,384	(8,975)	(1,858,798)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	555	-	4,370,046	-	-	-	1,027,324	5,397,925
Transfers out	(1,103,609)	(69,348)	(88,430)	-	(3,687,398)	-	(14,525)	(858,235)	(5,821,545)
Total other financing sources (uses)	(1,103,609)	(68,793)	(88,430)	4,370,046	(3,687,398)	-	(14,525)	169,089	(423,620)
Net change in fund balance	(111,764)	287,551	340,981	1,750	(3,672,448)	69,539	641,859	160,114	(2,282,418)
Fund balance - July 1, 2015	4,058,530	3,224,446	3,563,467	151,266	4,117,420	3,589,800	4,156,135	5,682,362	28,543,426
Fund balance - June 30, 2016	\$ 3,946,766	\$ 3,511,997	\$ 3,904,448	\$ 153,016	\$ 444,972	\$ 3,659,339	\$ 4,797,994	\$ 5,842,476	\$ 26,261,008

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



**SOUTHGATE RECREATION & PARK 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, 2016**

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Net change in fund balances	\$ (2,282,418)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Acquisitions of capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense (Note 4).	4,669,712
Depreciation of capital assets in an expense that is not recorded in the governmental funds (Note 4).	(969,228)
Repayment of principal on long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	756,398
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when is it paid.	8,552
In the Statement of Activities, expenses related to other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used. (Note 9)	(8,630)
In the Statement of Activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used.	(44,136)
Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 2,130,250</div>

**SOUTHGATE RECREATION & PARK DISTRICT**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	<b>Wildhawk Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and equivalents	\$ 455,485
Accounts receivable	8,448
Inventory	<u>81,529</u>
Total current assets	<u>545,462</u>
Capital assets:	
Nondepreciable	8,760,000
Depreciable, net	<u>1,565,117</u>
Total assets	<u>10,870,579</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	22,393
Accrued expenses	23,100
Unearned revenue	84,645
Interest payable	37,164
Current portion of long term liabilities	<u>231,573</u>
Total current liabilities	<u>398,875</u>
Long-term liabilities, net of current portion	<u>5,964,229</u>
Total liabilities	<u>6,363,104</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,181,832
Unrestricted	<u>325,643</u>
Total net position	<u><u>\$ 4,507,475</u></u>

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

**SOUTHGATE RECREATION & PARK DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN**  
**NET POSITION – PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	<u>Wildhawk Fund</u>
Operating revenues:	
Charges for services	\$ 2,054,247
Operating expenses:	
Salaries and benefits	1,028,863
Supplies and services	811,059
Depreciation and amortization	130,559
Cost of goods sold	<u>149,050</u>
Total operating expenses	<u>2,119,531</u>
Operating income/(loss)	(65,284)
Non-operating expense:	
Interest expense	256,640
Investment loss	<u>2,106</u>
Total non-operating expense	<u>258,746</u>
Loss before transfers	<u>(324,030)</u>
Transfer in	<u>423,620</u>
Change in net position	99,590
Total net position, July 1, 2015	<u>4,407,885</u>
Total net position, June 30, 2016	<u><u>\$ 4,507,475</u></u>

**SOUTHGATE RECREATION & PARK DISTRICT**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Wildhawk Fund</b>
Cash flows from operating activities:	
Cash received from customers	\$ 2,058,717
Cash paid to suppliers and users	(957,806)
Cash paid for employees	(1,072,999)
Net cash provided by operating activities	<u>27,912</u>
Cash flows from noncapital financing activities	
Transfer from (to) other funds	423,620
Cash flows from capital and related financing activities:	
Purchase of capital assets	(89,749)
Proceeds from issuance of long-term debt	6,123,779
Interest paid on long-term debt	(280,244)
Principal paid on long-term debt	(5,749,427)
Net cash used in capital and related financing activities	<u>4,359</u>
Cash flows used in investing activities:	
Investment loss	(2,106)
Change in cash and equivalents	453,785
Cash and equivalents, July 1, 2015	1,700
Cash and equivalents, June 30, 2016	<u><u>\$ 455,485</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income/(loss)	\$ (65,284)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	130,559
(Increase) decrease in:	
Accounts receivable	(3,552)
Inventory	1,062
(Decrease) increase in:	
Unearned revenue	8,022
Accounts payable	(3,943)
Accrued expenses	5,184
Compensated absences	(44,136)
Total adjustments	<u>93,196</u>
Net cash provided by operating activities	<u><u>\$ 27,912</u></u>

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

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. ORGANIZATION**

The Southgate Recreation & Park District (the "District"), located within Sacramento County, California, was formed in 1956 under the Public Resources Code. The District provides park and recreation services in the southeast area of Sacramento County. The District currently maintains 47 parks, 6 community centers, 2 aquatic facilities and numerous open spaces, and operates the WildHawk Golf Club. The primary method used to monitor the performance of the District's financial management is the financial budget which is adopted annually by the Board of Directors.

The District's main funding sources include property taxes, other intergovernmental revenue from state and federal sources, user and development fees, and federal and state financial assistance.

#### **B. BASIS OF PRESENTATION**

##### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a combined basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts — net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

*Program revenues:* Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Districts general revenues.

*Allocation of indirect expenses:* The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is unallocated and reported in total in the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

##### Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **B. BASIS OF PRESENTATION (Continued)**

#### Basic Financial Statements

The basic financial statements include Management's Discussion and Analysis (MD&A), providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a change in the fund financial statements to focus on the major funds.

#### Reporting Entity

The reporting entity for the Southgate Recreation & Park District includes all the funds and operations under the jurisdiction of the District. Although they are separate legal entities, blended component units are in substance part of the District's operations and are reported as an integral part of the District's basic financial statements. The Board of Directors in concurrent sessions serve as the governing board of each of the blended component units, and all accounting and administrative functions are performed by the District. The Southgate Landscaping and Lighting Assessment District and six other landscaping and lighting assessment districts and two community facilities districts are included in the special revenue funds of the District and the Southgate Improvement Finance Corporation activity is included in the debt service fund of the District.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

#### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

#### Governmental Fund Financial Statements

Governmental fund financial statements (i.e. balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

**SOUTHGATE RECREATION & PARK DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting: The Board of Directors annually adopts a District-wide budget resolution. Department heads submit budget requests to the District General Manager. District employees prepare estimates of revenue and recommendations for the next year's budget. The preliminary budget may be amended by the Board of Directors and is adopted by resolution of the Board of Directors on or before June 30. The final budget is then adopted by the Board of Directors on or before August 30. Budget appropriations lapse at the end of the year. The budget is prepared on a cash basis, which does not vary significantly from the basis of accounting used in the financial statements. Management can transfer budgeted amounts between expenditure accounts within an object level without the approval of the Board of Directors.

### **D. 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 operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. 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 funds are as follows:

#### Major Funds:

*General Fund-* The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.



# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **D. FUND ACCOUNTING (Continued)**

Country Creek Fund (Special Revenue Fund) - The Country Creek Fund is used to account for the proceeds of specific revenue sources, primarily taxes and assessments, that are legally restricted to expenditures for specified purposes.

Vineyard Springs Development Impact Fees Fund (Capital Project Fund) - The Vineyard Springs Development Impact Fees Fund is used to account for resources used for the acquisition or construction of major capital facilities by the District for the Vineyard Springs Comprehensive Plan Area.

Capital Projects Funds - The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District.

Capital Projects Bond Proceeds Fund (Capital Project Fund) - The Capital Projects Bond Proceeds Fund is used to account for proceeds from bond issuance used for the acquisition or construction of major capital facilities by the District.

In-Lieu Fees Fund (Capital Project Fund) - The In-Lieu Fees Fund is used to account for resources used for the acquisition or construction of major capital facilities by the District funded by Quimby in-lieu fees.

North Vineyard Station Development Impact Fees Fund (Capital Project Fund) - The North Vineyard Station Development Impact Fees Fund is used to account for resources used for the acquisition or construction of major capital facilities by the District for the North Vineyard Station Specific Plan Area.

#### Other Funds:

*Special Revenue Funds*- The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Countryside, Vintage, Sunrise Florin, Sunrise Greens, Churchill Downs, Southgate Fruitridge, Southgate Bowling Green, Southgate Central, Southgate Countryside Vintage, Southgate Florin, Southgate Churchill Downs, Southgate Vineyard East, Southgate Vineyard West, North Vineyard Station, Florin-Vineyard, Bradshaw Vineyards Open Space and the Laguna Trail Extension Funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest and related costs.

WildHawk Fund (Proprietary Fund) - The WildHawk Fund is a business-type activity, used to account for the operating activities of WildHawk Golf Club.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **E. INVENTORY**

Inventory consists of golf clubs, golf supplies and apparel in the WildHawk Pro Shop and is carried at cost using the first-in, first-out method.

### **F. CAPITAL ASSETS**

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 40 years depending on asset types.

### **G. INTERFUND ACTIVITY**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### **H. COMPENSATED ABSENCES**

Compensated absences are recorded as a liability of the District. A liability for compensated absences attributable to services already rendered and not contingent upon a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The liability of \$259,042 is for the earned but unused benefits. Management has determined that the balance for compensated absences at June 30, 2016 will be paid out within the next twelve months; therefore, the entire liability has been classified as a current liability.

### **I. GOVERNMENT-WIDE AND PROPRIETARY FUND NET POSITION**

*Net investment in capital assets* consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* consists of net assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the District's parks endowment).

*Unrestricted* - remaining net position not identified as invested in capital assets or restricted.

**SOUTHGATE RECREATION & PARK DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### J. FUND BALANCE

Classifications: In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances. While GASB Cod. Sec. 1300 and 1800 does not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 does require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Directors. The District's policy is to commit 10% of approved operations budget in the general fund and each special revenue fund as an operational contingency, if funds are available. At year end, the fund balance in excess of nonspendable, restricted, committed, and assigned balances shall be committed to future capital projects.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **K. PROPERTY TAXES**

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 1 and February 1. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

### **L. OPERATING REVENUES AND EXPENSES**

The District's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the District's funds consist of charges for services (including greens fees and pro shop sales) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as non-operating.

### **M. IN-LIEU FEES**

In lieu fees are fees collected in lieu of park land under the Quimby Act. California State law requires land developers to donate park land for every acre that is developed, or pay fees in lieu of land. The amount of park land dedicated is 5 acres per 1,000 people and is based on the number of residential units planned. In lieu fees are assessed at the current land values at the time building permits are issued.

### **N. DEVELOPMENT IMPACT FEES**

Development impact fees are fees paid by the developer to mitigate the impact that development will have on existing infrastructure, such as park and recreation facilities.

### **O. ENCUMBRANCES**

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

### **P. ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **Q. USE OF ESTIMATES**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

### **R. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance as described in Note 10.

## **2. CASH AND INVESTMENTS**

The District maintains commercial bank accounts and accounts with the Sacramento County Treasurer.

The District's cash balances at June 30, 2016 are:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Pooled Funds:			
Cash in County Treasury	\$ 3,640,273	\$ -	\$ 3,640,273
Local Agency Investment Fund	10,180,268	-	10,180,268
California Asset Management Program	<u>3,972,123</u>	<u>-</u>	<u>3,972,123</u>
Total Pooled Funds	<u>17,792,664</u>	<u>-</u>	<u>17,792,664</u>
Deposits			
Cash on hand and in banks	<u>4,882,704</u>	<u>455,485</u>	<u>5,338,189</u>
Cash with Fiscal Agent	<u>4,132,370</u>	<u>-</u>	<u>4,132,370</u>
Total cash and cash equivalents	<u>\$ 26,807,737</u>	<u>\$ 455,485</u>	<u>\$ 27,263,222</u>

### Pooled Funds:

The In-Lieu Fees Fund maintains substantially all of its cash in the Sacramento County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **2. CASH AND INVESTMENTS (Continued)**

Because the deposits are maintained in a recognized pooled investment fund under the care of a third party and the share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

In accordance with applicable State laws, the Sacramento County Treasurer may invest in derivative securities. However, at June 30, 2016, the Sacramento County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

#### Local Agency Investment Fund:

Southgate Recreation & Park District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurers Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. At June 30, 2016, the interest rate was 0.55%.

LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

#### California Asset Management Program:

Southgate Recreation & Park District places funds with the California Asset Management Program (CAMP), a California Joint Powers Authority. CAMP provides California Public Agencies with comprehensive investment management and accounting services. CAMP is a local government investment pool managed under a separate agreement with PFM Asset Management, LLC. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **2. CASH AND INVESTMENTS (Continued)**

#### Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized for amounts in excess of the insured limits by the respective financial institution. At June 30, 2016, the carrying amounts of the District's accounts were \$9,470,559. And the bank balances were \$9,183,274.

#### Cash with Fiscal Agent

Cash with Fiscal Agent represents cash held by US Bank, restricted for repayment of Refunding Bonds, other long-term liabilities and bond proceeds restricted for capital projects.

#### Interest Rate Risk

The District's investment policy limits cash and investment maturities to ensure the District maintains the ability to meet all projected obligations. The District's investment policy does not limit cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, the District had no significant interest rate risk related to cash and investments held.

#### Credit Risk

The District's investment policy limits the investment choices to the following:

- United States Government Securities
- United States Government Sponsored Agencies
- Commercial Paper
- Short-Term Repurchase Agreements
- Certificates of Deposit
- Public Agency Pooled Funds
- Medium-Term Corporate Notes
- Insured Financial Institution Accounts

#### Concentration of Credit Risk

The District's investment policy limits the amount it may invest with certain issuers. At June 30, 2016, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.



# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2016**

### Investment Fund Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2016:

<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
United States Treasury:				
Bills	\$ 1,650,730	\$ -	\$ -	\$ 1,650,730
Notes	5,647,818	-	-	5,647,818
Federal Agency:				
SBA	95,179	-	-	95,179
MBS-REMICs	8,573	-	-	8,573
Debentures	149,273	-	-	149,273
Discount Notes	1,097,744	-	-	1,097,744
Supranational Debentures	327,529	-	-	327,529
CS's and YCD's FR	-	53,976	-	53,976
Bank Notes	-	107,917	-	107,917
CD's and YCD's	-	4,348,435	-	4,348,435
Commercial Paper	-	3,084,500	-	3,084,500
LAIF	40,014	27,785	-	67,799
Banker's Assistance	-	8,030	-	8,030
Repurchase Agreements	328,535	-	-	328,535
Time Deposits	-	748,845	-	748,845
AB55 & GF Loans	-	67,782	-	67,782
Total	<u>\$ 9,345,394</u>	<u>\$ 8,447,270</u>	<u>\$ -</u>	<u>\$ 17,792,664</u>

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 3. INTERFUND TRANSACTIONS

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2016 were as follows:

Fund	Interfund Receivables	Interfund Payables
<u>Governmental Activities</u>		
Major Funds:		
General	\$ 3,687,398	\$ -
Capital Projects	3,687,398	3,687,398
Capital Projects Bond Proceeds	-	3,687,398
Totals	<u>\$ 7,374,796</u>	<u>\$ 7,374,796</u>

Interfund Transfers: Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2015-2016 fiscal year were as follows:

Transfers Out	Transfers in				
	Capital Projects Fund	Debt Service Fund	Country Creek Fund	WildHawk Fund	Total
General Fund	\$ 579,693	\$ 100,296	\$ -	\$ 423,620	\$ 1,103,609
Capital Projects Bond Proceeds Fund	3,687,398	-	-	-	3,687,398
Country Creek Fund	-	69,348	-	-	69,348
North Vineyard Station Development Impact Fees Fund	14,525	-	-	-	14,525
Vineyard Springs Development Impact Fees Fund	88,430	-	-	-	88,430
Aggregate Non-Major Funds	-	857,680	555	-	858,235
	<u>\$ 4,370,046</u>	<u>\$ 1,027,324</u>	<u>\$ 555</u>	<u>\$ 423,620</u>	<u>\$ 5,821,545</u>

Transfers to the Capital Projects Fund are to fund budgeted amounts for capital projects.

Transfers to the Debt Service Fund are to pay principal and interest on long-term liabilities.

Transfers to the Country Creek Fund are to fund open space maintenance.

Transfers to WildHawk fund include amounts to fund expenditures and capital projects.

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2016**

### 4. CAPITAL ASSETS

A schedule of changes in Governmental Activities capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Transfers and Additions	Transfers and Deletions	Balance June 30, 2016
Nonspendable capital assets:				
Land	\$ 28,748,073	\$ 235,220	\$ -	\$ 28,983,293
Construction-in-process	1,230,284	4,385,632	(22,017)	5,593,899
Nondepreciable capital assets	29,978,357	4,620,852	(22,017)	34,577,192
Depreciable capital assets:				
Land and building improvements	34,538,100	22,017	-	34,560,117
Machinery and equipment	1,230,696	86,172	(37,312)	1,279,556
Depreciable assets, at cost	35,768,796	108,189	(37,312)	35,839,673
Less accumulated depreciation:				
Land and building improvements	18,237,139	968,051	-	19,205,190
Machinery and equipment	1,036,292	38,489	(37,312)	1,037,469
Total accumulated depreciation	19,273,431	1,006,540	(37,312)	20,242,659
Depreciable capital assets, net	16,495,365	(898,351)	-	15,597,014
Capital assets, net	\$ 46,473,722	\$ 3,722,501	\$ (22,017)	\$ 50,174,206

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 4. CAPITAL ASSETS (continued)

A schedule of changes in Business-Type Activity capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Transfers and Additions	Transfers and Deletions	Balance June 30, 2016
Nonspendable capital assets:				
Land	\$ 8,760,000	\$ -	\$ -	\$ 8,760,000
Construction-in-process	-	-	-	-
	<u>8,760,000</u>	<u>-</u>	<u>-</u>	<u>8,760,000</u>
Nondepreciable capital assets	8,760,000	-	-	8,760,000
Depreciable capital assets:				
Land improvements	6,453,491	-	-	6,453,491
Buildings and Improvements	2,042,004	16,177	-	2,058,181
Machinery and equipment	1,306,905	73,572	-	1,380,477
	<u>9,802,400</u>	<u>89,749</u>	<u>-</u>	<u>9,892,149</u>
Depreciable assets, at cost	9,802,400	89,749	-	9,892,149
Less accumulated depreciation:				
Land Improvements	6,142,229	58,529	-	6,200,758
Building and improvements	883,551	32,255	-	915,806
Machinery and equipment	1,189,588	20,881	-	1,210,469
	<u>8,215,368</u>	<u>111,665</u>	<u>-</u>	<u>8,327,033</u>
Total accumulated depreciation	8,215,368	111,665	-	8,327,033
Depreciable capital assets, net	<u>1,587,032</u>	<u>(21,916)</u>	<u>-</u>	<u>1,565,116</u>
Capital assets, net	<u>\$ 10,347,032</u>	<u>\$ (21,916)</u>	<u>\$ -</u>	<u>\$ 10,325,116</u>

Depreciation expense was charged as follows:

#### Governmental Activities

Unallocated	\$ 969,228
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#### Business-Type Activities

Unallocated	\$ 111,665
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# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

### **5. LONG-TERM LIABILITIES**

#### Certificates of Participation

In December 2010, the Southgate Improvement Finance Corporation issued certificates of participation in the amount of \$5,210,000. Principal is due annually in October and interest is payable on April 1 and October 1. The certificates have interest rates ranging from 3% to 6% and mature on October 1, 2035.

The annual payments required to amortize the Certificates of Participation, Series 2010 outstanding as of June 30, 2016, are as follows:

Year Ended			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 135,000	\$ 244,131	\$ 379,131
2018	140,000	238,631	378,631
2019	150,000	232,081	382,081
2020	155,000	224,651	379,651
2021	165,000	216,844	381,844
2022-2026	950,000	950,150	1,900,150
2027-2031	1,220,000	660,975	1,880,975
2032-2036	1,610,000	252,422	1,862,422
	<u>\$ 4,525,000</u>	<u>\$ 3,019,885</u>	<u>\$ 7,544,885</u>

#### 2015 Refunding Bonds

On August 20, 2015 the District issued Refunding Bonds in the amount of \$5,990,000, maturing October 1, 2040 with interest rates ranging from 3.00% to 4.17%. The purpose of the bonds is to retire the \$5,990,000 in Refunding Bonds maturing October 1, 2030.

The annual payments required to amortize the 2015 Governmental Activity Refunding Bonds outstanding as of June 30, 2016, are as follows:

Year Ended			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 145,000	\$ 234,406	\$ 379,406
2018	150,000	229,981	379,981
2019	155,000	224,631	379,631
2020	160,000	218,331	378,331
2021	165,000	211,007	376,007
2022-2026	970,000	919,756	1,889,756
2027-2031	1,170,000	719,416	1,889,416
2032-2036	1,410,000	478,600	1,888,600
2037-2041	1,665,000	170,300	1,835,300
	<u>\$ 5,990,000</u>	<u>\$ 3,406,428</u>	<u>\$ 9,396,428</u>

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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Tax-Exempt Lease/Purchase Agreement: On November 25, 2013, the District entered into a Tax-Exempt Lease/Purchase Agreement with the U.S. Bank Equipment Finance to purchase equipment. Principal and interest payments are due quarterly on August 25, November 25, February 25, and May 25. The interest rate per the agreement is 3.28%. The agreement matures on November 25, 2018.

The annual payments required to amortize the Tax-Exempt Lease/Purchase Agreement outstanding as of June 30, 2016, are as follows:

Tax-Exempt Lease/Purchase Agreement

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 25,928	\$ 1,868	\$ 27,796
2018	26,792	1,004	27,796
2019	13,728	170	13,898
	<u>\$ 66,448</u>	<u>\$ 3,042</u>	<u>\$ 69,490</u>

Tax-Exempt Lease/Purchase Agreement: On November 25, 2013, WildHawk entered into a Tax-Exempt Lease/Purchase Agreement with the U.S. Bank Equipment Finance to purchase equipment. Principal and interest payments are due quarterly on August 25, November 25, February 25, and May 25. The interest rate per the agreement is 3.28%. The agreement matures on November 25, 2018.

The annual payments required to amortize the Tax-Exempt Lease/Purchase Agreement outstanding as of June 30, 2016, are as follows:

Tax-Exempt Lease/Purchase Agreement (WildHawk)

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 19,998	\$ 1,441	\$ 21,439
2018	20,664	775	21,439
2019	10,589	130	10,719
	<u>\$ 51,251</u>	<u>\$ 2,346</u>	<u>\$ 53,597</u>

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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Tax-Exempt Lease/Purchase Agreement: On March 11, 2016, WildHawk entered into a Lease Purchase Agreement with TCF Finance to purchase equipment. Principal and interest payments are due monthly. The interest rate per the agreement is 3.38%. The agreement matures on July 31, 2021.

The annual payments required to amortize the Lease Purchase Agreement outstanding as of June 30, 2016, are as follows:

Lease Purchase Agreement (WildHawk)

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,736	\$ 2,235	\$ 15,971
2018	14,209	1,762	15,971
2019	14,698	1,273	15,971
2020	15,203	768	15,971
2021	14,395	245	14,640
	<u>\$ 72,241</u>	<u>\$ 6,283</u>	<u>\$ 78,524</u>

Securitized Limited Obligation Note: On February 4, 2014, the District entered into a Securitized Limited Obligation Note with Patty K. Yoshino and John Suburo Yoshino to purchase property. Principal and interest payments are due annually. The interest rate per the agreement is 4.38%. The agreement matures on January 5, 2018. The annual payments required to amortize the Securitized Limited Obligation Note Agreement outstanding as of June 30, 2016, are as follows:

Securitized Limited Obligation Note

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 67,777	\$ 4,723	\$ 72,500
2018	70,807	1,693	72,500
	<u>\$ 138,584</u>	<u>\$ 6,416</u>	<u>\$ 145,000</u>

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

Installment Sale Agreement: On September 1, 2005, the District entered into an installment sale agreement with the Southgate Improvement Finance Corporation to refinance prior District obligations. Principal payments are due annually on October 1. The interest rate per the agreement is 4.35%. Interest payments are due twice per year. The agreement matures on October 1, 2021.

The annual payments required to amortize the Installment Sale Agreement outstanding as of June 30, 2016, are as follows:

Installment Sales agreement

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 36,564	\$ 7,880	\$ 44,444
2018	38,155	6,255	44,410
2019	39,814	4,559	44,373
2020	41,546	2,789	44,335
2021	43,353	943	44,296
	<u>\$ 199,432</u>	<u>\$ 22,426</u>	<u>\$ 221,858</u>

Tax-Exempt Lease/Purchase Agreement: On February 9, 2015, WildHawk entered into a Lease Purchase Agreement with TCF Finance to purchase equipment. Principal and interest payments are due monthly. The interest rate per the agreement is 3.502%. The agreement matures on March 31, 2020.

The annual payments required to amortize the Lease Purchase Agreement outstanding as of June 30, 2016, are as follows:

Lease Purchase Agreement (WildHawk)

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,219	\$ 718	\$ 6,937
2018	6,441	496	6,937
2019	6,670	267	6,937
2020	4,000	47	4,047
	<u>\$ 23,330</u>	<u>\$ 1,528</u>	<u>\$ 24,858</u>

Other Leases: All other leases of the District are treated as operating leases and are subject to annual appropriations and recorded as expenditures when paid.



# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 5. LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2016 is as follows:

	Balance			Balance	Amounts Due
<u>Governmental Activities</u>	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Within One Year</u>
Certificates of Participation	\$ 4,655,000	\$ -	\$ 130,000	\$ 4,525,000	\$ 135,000
2005 Refunding Bonds	501,390	-	501,390	-	-
Installment Sales Lease	234,472	-	35,040	199,432	36,564
Securitized Limited Obligation No	203,459	-	64,875	138,584	67,777
Equipment Lease	91,541	-	25,093	66,448	25,928
Other postemployment benefits	237,733	12,176	3,546	246,363	2,498
Compensated absences	155,926	373,827	329,691	200,062	200,062
Totals	<u>\$ 6,079,521</u>	<u>\$ 386,003</u>	<u>\$ 1,089,635</u>	<u>\$ 5,375,889</u>	<u>467,829</u>
<u>Business-Type Activities</u>					
2005 Refunding Bonds	\$ 5,688,610	\$ -	\$ 5,688,610	\$ -	\$ -
2015 Refunding Bonds	-	5,990,000	-	5,990,000	145,000
Equipment Lease-US Bank	70,605	-	19,354	51,251	19,998
Equipment Lease-TCF Financing	29,335	-	6,005	23,330	6,219
Equipment Lease-TCF Financing	-	73,572	1,331	72,241	1,376
Compensated absences	52,515	60,207	53,742	58,980	58,980
Totals	<u>\$ 5,841,065</u>	<u>\$ 6,123,779</u>	<u>\$ 5,769,042</u>	<u>\$ 6,195,802</u>	<u>\$ 231,573</u>

Payments on Certificates of Participation, the Refunding lease, Installment Sales Lease, Securitized Limited Obligation Note and Equipment lease are made from the Debt Service Fund. Payments on the Refunding Bonds and Equipment lease are made from the Debt Service Fund and the WildHawk Fund. Payments on the compensated absences are made from the fund for which the related employee worked, General Fund and WildHawk Fund.

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 6. FUND BALANCES

Fund balances consisted of the following at June 30, 2016:

	General Fund	Country Creek Fund	Vineyard Springs Development Impact Fees Fund	Capital Projects Fund	Capital Projects Bond Proceeds Fund	In-Lieu Fees Fund	North Vineyard Station Development Impact Fees Fund	All Non-Major Funds	Total
Nonspendable:									
Prepaid expenditures	\$ 41,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,159
Restricted - recreation and parks	-	3,511,997	3,904,448	153,016	444,972	3,659,339	4,797,994	5,842,476	22,314,242
Committed for:									
Contingencies	587,137	-	-	-	-	-	-	-	587,137
Capital projects	3,318,470	-	-	-	-	-	-	-	3,318,470
 Total fund balances	<u>\$ 3,946,766</u>	<u>\$ 3,511,997</u>	<u>\$ 3,904,448</u>	<u>\$ 153,016</u>	<u>\$ 444,972</u>	<u>\$ 3,659,339</u>	<u>\$ 4,797,994</u>	<u>\$ 5,842,476</u>	<u>\$ 26,261,008</u>

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **8. DEFINED CONTRIBUTION PENSION PLANS**

The District maintains two defined contribution plans.

Plan Descriptions and Provisions: The District contributes to the Southgate Recreation and Park District Money Purchase Plan and Trust (a Money Purchase Pension Plan). All full time salaried employees, and part time employees who work over 1,500 hours per year, are required to participate in this plan. District employees begin to vest in the plan starting with two years of service and become fully vested after five years with the District.

The District also maintains deferred compensation plans as defined by Internal Revenue Code Section 457 for full-time employees, part-time employees who work over 1,500 hours per year and board members. The contributions to these plans are voluntary, except for 7.5% required contribution for members of the Board of Directors in lieu of social security contributions. The Plan Sponsor reserves the right to amend the Plan, including contribution requirements.

The Money Purchase Pension Plan and the Deferred Compensation Plan are administered by the ICMA Retirement Corporation.

Social Security: All employees participate in Old-Age, Survivors, and Disability and Health Insurance (OASDI) system established by the Federal Social Security Act ("Social Security"). Social Security for full-time employees and part-time employees working more than 1,500 hours per year became effective July 1, 2015 pursuant to a voluntary agreement under Section 218 of the Social Security Act. Board Members were excluded from the Section 218 Agreement. They participate in the 457 Plan, which is a qualified public retirement system, in lieu of Social Security.

Employee and Employer Contribution Obligations: The District contributes 10% of eligible compensation to the Southgate Recreation and Park District Money Purchase Plan and Trust for participants who complete more than one year of service. Participants with less than one year of service are required to contribute 5% of compensation to the Plan, and the District contributes the remaining 5% of compensation. The District contributed \$258,612 during the year ended June 30, 2016.

### **9. OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, the District provides postemployment health care benefits to all employees and their dependents who have served the District for twenty years and are age 65. Qualified retirees shall be entitled to receive group medical insurance and hospitalization benefits for the life of such employee or Director. Currently, two (2) retirees are receiving these benefits. During the year ended June 30, 2016, expenditures of \$3,547 were paid for post-retirement health care benefits.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

### **9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 15,539
Interest on net OPEB obligation	6,657
Adjustment to annual required contribution	<u>(7,703)</u>
Annual OPEB cost (expense)	14,493
Contributions made	<u>3,457</u>
Increase in net OPEB obligation	11,036
Net OPEB obligation - beginning of year	<u>237,734</u>
Net OPEB obligation -end of year	<u><u>\$ 248,770</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2014	\$ 50,892	7%	\$ 509,707
June 30, 2015	\$ 13,295	28%	\$ 237,734
June 30, 2016	\$ 14,493	28%	\$ 248,770

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

As of July 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$466,282, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$2.3 million, and the ratio of the UAAL to the covered payroll was 10 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 2.8 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date. Healthcare cost trend rates were not considered since the benefit is capped at a maximum dollar amount. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 25 years.

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 10. JOINT POWERS AGREEMENTS

Special District Risk Management Authority: The District is a member with other special districts of a Joint Powers Authority, Special District Risk Management Authority (SDRMA), which provides general insurance coverage. SDRMA is governed by a board consisting of 7 district representatives from 476 districts. The SDRMA Board controls the operations of the Joint Powers Authority, independent of any influence by the member districts beyond their representation on the Board. The following is a summary of financial information of SDRMA as of June 30, 2015 (the most recent information available):

<b>A.</b>	<b><u>Entity</u></b>	SDRMA
<b>B.</b>	<b><u>Purpose</u></b>	To pool member contributions and realize the advantages of self-insurance.
<b>C.</b>	<b><u>Participants</u></b>	As of June 30, 2015, 476 member districts.*
<b>D.</b>	<b><u>Governing Board</u></b>	Seven representatives employed by members.
<b>E.</b>	<b><u>Payments for the Current Year</u></b>	<u>\$ 84,685</u>
<b>F.</b>	<b><u>Condensed Financial Information</u></b>	June 30, 2015* (Audited)
	Total Assets	\$ 107,630,328
	Deferred Outflows of Resources	<u>973,962</u>
	Total Assets and Deferred Outflows	<u>\$ 108,604,290</u>
	Total Liabilities	\$ 59,619,796
	Deferred Inflows of Resources	<u>294,368</u>
	Total Liabilities and Deferred Inflows	<u>\$ 59,914,164</u>
	Net Position	<u>48,690,126</u>
	Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 108,604,290</u></u>
	Total Revenues	\$ 57,317,949
	Total Expenses	<u>(60,953,173)</u>
	Change in Net Position	<u><u>\$ (3,635,224)</u></u>
	<u>Member Agencies Share of</u>	
	<u>Year-End Assets, Liabilities,</u>	**
	<u>or Net Position</u>	

\* Most current information available.

\*\* Has not been calculated.

# SOUTHGATE RECREATION & PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### 10. JOINT POWERS AGREEMENTS (Continued)

California Association for Park and Recreation Indemnity (CAPRI) provided workers' compensation coverage for the District. CAPRI is governed by a Board consisting of representatives from member agencies. The Board controls their operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. 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 California Association for Park and Recreation Indemnity at 6341 Auburn Blvd, Suite A, Citrus Heights, CA 95621. Condensed information for CAPRI is as follows:

<b>A.</b>	<b><u>Entity</u></b>	CAPRI
<b>B.</b>	<b><u>Purpose</u></b>	To pool member contributions and realize the advantages of self-insurance.
<b>C.</b>	<b><u>Participants</u></b>	As of June 30, 2015, 61 member districts.*
<b>D.</b>	<b><u>Governing Board</u></b>	Seven representatives employed by members.
<b>E.</b>	<b><u>Payments for the Current Year</u></b>	<u>\$ 210,767</u>
<b>F.</b>	<b><u>Condensed Financial Information</u></b>	June 30, 2015* (Audited)
	Total Assets	\$ 22,700,896
	Deferred Outflows of Resources	50,397
	Total Assets and Deferred Outflows	<u>\$ 22,751,293</u>
	Total Liabilities	\$ 14,876,879
	Deferred Inflows of Resources	115,758
	Total Liabilities and Deferred Inflows	<u>\$ 14,992,637</u>
	Net Position	<u>7,758,656</u>
	Total Liabilities, Deferred Inflows and Net Position	<u>\$ 22,751,293</u>
	Total Revenues	\$ 7,358,805
	Total Expenses	<u>(8,306,108)</u>
	Change in Net Position	<u>\$ (947,303)</u>
	<u>Member Agencies Share of</u>	
	<u>Year-End Assets, Liabilities,</u>	**
	<u>or Net Position</u>	

\* Most current information available.

\*\* Has not been calculated.

# **SOUTHGATE RECREATION & PARK DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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The relationship between Southgate Recreation & Park District and the Joint Powers Authorities are such that they are not component unit of the District for financial reporting purposes.

### **11. CONTINGENCIES**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received federal and state funds for specific purposes that are subject to review or 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.

### **12. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2016 financial statements for subsequent events through October 10, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

# SOUTHGATE RECREATION & PARK DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Tax and assessments	\$ 4,550,434	\$ 4,550,434	\$ 4,430,424	\$ (120,010)
Intergovernmental revenues	54,210	54,210	77,576	23,366
Charges for services	619,598	619,598	627,266	7,668
Use of money and property	176,445	176,445	574,722	398,277
Interest income (expense)	2,000	2,000	13,887	11,887
Other revenues	43,290	43,290	7,918	(35,372)
Total revenues	<u>5,445,977</u>	<u>5,445,977</u>	<u>5,731,793</u>	<u>285,816</u>
<b>EXPENDITURES</b>				
Salaries and benefits	3,769,459	3,769,459	3,427,745	341,714
Recreation and parks	1,676,518	1,676,518	1,226,031	450,487
Capital outlay	35,000	95,000	86,172	8,828
Total expenditures	<u>5,480,977</u>	<u>5,540,977</u>	<u>4,739,948</u>	<u>801,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,000)</u>	<u>(95,000)</u>	<u>991,845</u>	<u>1,086,845</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(2,445,000)</u>	<u>(2,502,400)</u>	<u>(1,103,609)</u>	<u>1,398,791</u>
Total other financing sources (uses)	<u>(2,445,000)</u>	<u>(2,502,400)</u>	<u>(1,103,609)</u>	<u>1,398,791</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(2,480,000)</u>	<u>(2,597,400)</u>	<u>(111,764)</u>	<u>2,485,636</u>
Fund balance - July 1, 2015	<u>4,058,530</u>	<u>4,058,530</u>	<u>4,058,530</u>	<u>-</u>
Fund balance - June 30, 2016	<u>\$ 1,578,530</u>	<u>\$ 1,461,130</u>	<u>\$ 3,946,766</u>	<u>\$ 2,485,636</u>

**SOUTHGATE RECREATION & PARK DISTRICT**

**COUNTRY CREEK FUND  
BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Tax and assessments	\$ 521,310	\$ 521,310	\$ 521,587	\$ 277
Interest income (expense)	3,500	3,500	10,275	6,775
Total revenues	524,810	524,810	531,862	7,052
<b>EXPENDITURES</b>				
Recreation and parks	459,110	459,110	175,518	283,592
Excess (deficiency) of revenues over (under) expenditures	65,700	65,700	356,344	290,644
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,400	4,400	555	(3,845)
Transfers out	(2,809,381)	(2,809,381)	(69,348)	2,740,033
Total other financing sources (uses)	(2,804,981)	(2,804,981)	(68,793)	2,736,188
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(2,739,281)	(2,739,281)	287,551	3,026,832
Fund balance - July 1, 2015	3,224,446	3,224,446	3,224,446	-
Fund balance - June 30, 2016	\$ 485,165	\$ 485,165	\$ 3,511,997	\$ 3,026,832

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS -**  
**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**JUNE 30, 2016**

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	\$ 1,138,243	\$ -	\$ 1,138,243	0%	\$ 2,956,804	38%
July 1, 2011	\$ 466,282	\$ -	\$ 466,282	0%	\$ 3,305,000	14%
July 1, 2014	\$ 222,195	\$ -	\$ 222,195	0%	\$ 2,331,079	10%

**SOUTHGATE RECREATION & PARK DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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1. PURPOSE OF SCHEDULES

A Budgetary Comparison Schedule

The District employs budget control by account codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by object level, which is a category of account codes such as salaries and benefits or charges for services. The originally adopted and final revised budgets for the General Fund and Country Creek Fund are presented as Required Supplementary Information. The budgeting is on the cash basis which is an other comprehensive basis of accounting.

B Schedule of Funding Progress - Other Postemployment Benefits

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

## **SUPPLEMENTARY INFORMATION**

**SOUTHGATE RECREATION & PARK DISTRICT**  
**COMBINING BALANCE SHEET – NON-MAJOR FUNDS**  
**JUNE 30, 2016**

	Special Revenue										
	Countryside Fund	Vintage Fund	Sunrise Florin Fund	Sunrise Greens Fund	Churchill Downs Fund	Southgate Fruitridge Fund	Southgate Bowling Green Fund	Southgate Central Fund	Southgate Countryside Vintage Fund	Southgate Florin Fund	Sub Total
ASSETS											
Cash and investments	\$ 646,126	\$ 35,126	\$ 14,596	\$ 119,174	\$ 733,328	\$ 112,880	\$ 31,569	\$ 114,417	\$ 117,576	\$ 127,296	\$2,052,088
Accounts receivable	3,319	1,636	447	1,257	4,315	2,159	1,116	2,169	1,725	775	18,918
Interest recievable	463	3	6	83	489	76	12	87	71	89	1,379
Total Assets	\$ 649,908	\$ 36,765	\$ 15,049	\$ 120,514	\$ 738,132	\$ 115,115	\$ 32,697	\$ 116,673	\$ 119,372	\$ 128,160	\$ 2,072,385
LIABILITIES											
Accounts payable	\$ 3,651	\$ 1,437	\$ 3,338	\$ 89	\$ 17,723	\$ 2,801	\$ 4,254	\$ 2,274	\$ -	\$ 2,596	\$ 38,163
FUND BALANCES											
Restricted	646,257	35,328	11,711	120,425	720,409	112,314	28,443	114,399	119,372	125,564	2,034,222
Total Liabilities and Fund Balances	\$ 649,908	\$ 36,765	\$ 15,049	\$ 120,514	\$ 738,132	\$ 115,115	\$ 32,697	\$ 116,673	\$ 119,372	\$ 128,160	\$ 2,072,385

**SOUTHGATE RECREATION & PARK DISTRICT**  
**COMBINING BALANCE SHEET – NON-MAJOR FUNDS**  
**JUNE 30, 2016**

	Special Revenue							Capital Projects	Debt Service	
	Southgate Churchill Downs Fund	Southgate Vineyard East Fund	Southgate Vineyard West Fund	North Vineyard Station Fund	Florin- Vineyard Fund	Bradshaw Vineyards Open Space Fund	Laguna Trail Extension Fund	Vineyard Development Impact Fees Fund	Debt Service Fund	Total
ASSETS										
Cash and investments	\$ 58,319	\$ 559,885	\$ 369,286	\$ 149,295	\$ 20,590	\$ 199,848	\$ 19,985	\$ 2,420,397	\$ -	\$ 5,849,693
Accounts receivable	828	596	743	964	10	-	-	5,714	-	27,773
Interest recievable	41	420	275	97	13	152	15	1,835	-	4,227
Total Assets	\$ 59,188	\$ 560,901	\$ 370,304	\$ 150,356	\$ 20,613	\$ 200,000	\$ 20,000	\$ 2,427,946	\$ -	\$ 5,881,693
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ 1,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,217
FUND BALANCES										
Restricted	59,188	560,901	370,304	149,302	20,613	200,000	20,000	2,427,946	-	5,842,476
Total Liabilities and Fund Balances	\$ 59,188	\$ 560,901	\$ 370,304	\$ 150,356	\$ 20,613	\$ 200,000	\$ 20,000	\$ 2,427,946	\$ -	\$ 5,881,693



**SOUTHGATE RECREATION & PARK DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Special Revenue										Sub Total
	Countryside Fund	Vintage Fund	Sunrise Florin Fund	Sunrise Greens Fund	Churchill Downs Fund	Southgate Fruitridge Fund	Southgate Bowling Green Fund	Southgate Central Fund	Southgate Countryside Vintage Fund	Southgate Florin Fund	
<b>REVENUES</b>											
Tax and assessments	\$ 321,769	\$ 211,265	\$ 35,367	\$ 81,267	\$ 472,065	\$ 94,161	\$ 76,109	\$ 125,794	\$ 132,539	\$ 55,550	\$ 1,605,886
Interest income (expense)	1,736	(118)	(2)	269	1,775	247	(6)	292	167	316	4,676
Developer Fees	-	-	-	-	-	-	-	-	-	-	-
Total revenues	323,505	211,147	35,365	81,536	473,840	94,408	76,103	126,086	132,706	55,866	1,610,562
<b>EXPENDITURES</b>											
Recreation and parks	205,004	154,488	19,246	37,125	202,630	67,586	71,046	98,811	45,656	24,245	925,837
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	205,004	154,488	19,246	37,125	202,630	67,586	71,046	98,811	45,656	24,245	925,837
Excess (deficiency) of revenues over (under) expenditures	118,501	56,659	16,119	44,411	271,210	26,822	5,057	27,275	87,050	31,621	684,725
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(86,418)	(54,411)	(16,083)	(12,912)	(536,431)	(1,383)	(5,533)	(1,383)	(26,825)	(7,183)	(748,562)
Total other financing sources (uses)	(86,418)	(54,411)	(16,083)	(12,912)	(536,431)	(1,383)	(5,533)	(1,383)	(26,825)	(7,183)	(748,562)
Net change in fund balances	32,083	2,248	36	31,499	(265,221)	25,439	(476)	25,892	60,225	24,438	(63,837)
Fund balance - July 1, 2015	614,174	33,080	11,675	88,926	985,630	86,875	28,919	88,507	59,147	101,126	2,098,059
Fund balance - June 30, 2016	\$ 646,257	\$ 35,328	\$ 11,711	\$ 120,425	\$ 720,409	\$ 112,314	\$ 28,443	\$ 114,399	\$ 119,372	\$ 125,564	\$ 2,034,222

**SOUTHGATE RECREATION & PARK DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Special Revenue							Capital Projects	Debt Service	
	Southgate Churchill Downs Fund	Southgate Vineyard East Fund	Southgate Vineyard West Fund	North Vineyard Station Fund	Florin- Vineyard Fund	Bradshaw Vineyards Open Space Fund	Laguna Trail Extension Fund	Vineyard Development Impact Fees Fund	Debt Service Fund	Total
REVENUES										
Tax and assessments	\$ 87,639	\$ 50,231	\$ 44,645	\$ 97,884	\$ 18,496	\$ -	\$ -	\$ -	\$ -	\$ 1,904,781
Interest income (expense)	136	1,685	1,091	294	30	492	64	6,616	-	15,084
Developer Fees	-	-	-	-	-	-	-	108,133	-	108,133
Total revenues	87,775	51,916	45,736	98,178	18,526	492	64	114,749	-	2,027,998
EXPENDITURES										
Recreation and parks	39,011	11,038	8,449	21,738	3,576	-	-	-	-	1,009,649
Debt service:										
Principal	-	-	-	-	-	-	-	-	756,398	756,398
Interest	-	-	-	-	-	-	-	-	270,926	270,926
Total expenditures	39,011	11,038	8,449	21,738	3,576	-	-	-	1,027,324	2,036,973
Excess (deficiency) of revenues over (under) expenditures	48,764	40,878	37,287	76,440	14,950	492	64	114,749	(1,027,324)	(8,975)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	1,027,324	1,027,324
Transfers out	(102,259)	(3,429)	(3,429)	-	-	(492)	(64)	-	-	(858,235)
Total other financing sources (uses)	(102,259)	(3,429)	(3,429)	-	-	(492)	(64)	-	1,027,324	169,089
Net chance in fund balances	(53,495)	37,449	33,858	76,440	14,950	-	-	114,749	-	160,114
Fund balance - July 1, 2015	112,683	523,452	336,446	72,862	5,663	200,000	20,000	2,313,197	-	5,682,362
Fund balance - June 30, 2016	\$ 59,188	\$ 560,901	\$ 370,304	\$ 149,302	\$ 20,613	\$ 200,000	\$ 20,000	\$ 2,427,946	\$ -	\$ 5,842,476

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES –**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) - NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Countryside Fund</b>			<b>Vintage Fund</b>			<b>Sunrise Florin Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Tax and assessments	\$ 322,300	\$ 321,769	\$ (531)	\$ 209,500	\$ 211,265	\$ 1,765	\$ 35,460	\$ 35,367	\$ (93)
Interest income (expense)	500	1,736	1,236	-	\$ (118)	(118)	100	(2)	(102)
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	<u>322,800</u>	<u>323,505</u>	<u>705</u>	<u>209,500</u>	<u>211,147</u>	<u>1,647</u>	<u>35,560</u>	<u>35,365</u>	<u>(195)</u>
<b>EXPENDITURES</b>									
Recreation and park	<u>235,480</u>	<u>205,004</u>	<u>30,476</u>	<u>154,500</u>	<u>154,488</u>	<u>12</u>	<u>19,260</u>	<u>19,246</u>	<u>14</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,320</u>	<u>118,501</u>	<u>31,181</u>	<u>55,000</u>	<u>56,659</u>	<u>1,659</u>	<u>16,300</u>	<u>16,119</u>	<u>(181)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(602,560)</u>	<u>(86,418)</u>	<u>516,142</u>	<u>(55,000)</u>	<u>(54,411)</u>	<u>589</u>	<u>(16,300)</u>	<u>(16,083)</u>	<u>217</u>
Total other financing sources (uses)	<u>(602,560)</u>	<u>(86,418)</u>	<u>516,142</u>	<u>(55,000)</u>	<u>(54,411)</u>	<u>589</u>	<u>(16,300)</u>	<u>(16,083)</u>	<u>217</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(515,240)</u>	<u>32,083</u>	<u>547,323</u>	<u>-</u>	<u>2,248</u>	<u>2,248</u>	<u>-</u>	<u>36</u>	<u>36</u>
Fund balance - July 1, 2015	<u>614,174</u>	<u>614,174</u>	<u>-</u>	<u>33,080</u>	<u>33,080</u>	<u>-</u>	<u>11,675</u>	<u>11,675</u>	<u>-</u>
Fund balance - June 30, 2016	<u>\$ 98,934</u>	<u>\$ 646,257</u>	<u>\$ 547,323</u>	<u>\$ 33,080</u>	<u>\$ 35,328</u>	<u>\$ 2,248</u>	<u>\$ 11,675</u>	<u>\$ 11,711</u>	<u>\$ 36</u>

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) – NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Sunrise Greens Fund			Churchill Downs Fund			Southgate Fruitridge Fund		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>									
Tax and assessments	\$ 81,360	\$ 81,267	\$ (93)	\$ 471,700	\$472,065	\$ 365	\$ 93,936	\$ 94,161	\$ 225
Interest income (expense)	-	269	269	1,000	1,775	775	100	247	147
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	81,360	81,536	176	472,700	473,840	1,140	94,036	94,408	372
<b>EXPENDITURES</b>									
Recreation and park	68,110	37,125	30,985	356,180	202,630	153,550	67,636	67,586	50
Excess (deficiency) of revenues over (under) expenditures	13,250	44,411	31,161	116,520	271,210	154,690	26,400	26,822	422
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(67,614)	(12,912)	54,702	(879,365)	(536,431)	342,934	(97,648)	(1,383)	96,265
Total other financing sources (uses)	(67,614)	(12,912)	54,702	(879,365)	(536,431)	342,934	(97,648)	(1,383)	96,265
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(54,364)	31,499	85,863	(762,845)	(265,221)	497,624	(71,248)	25,439	96,687
Fund balance - July 1, 2015	88,926	88,926	-	985,630	985,630	-	86,875	86,875	-
Fund balance - June 30, 2016	<u>\$ 34,562</u>	<u>\$ 120,425</u>	<u>\$ 85,863</u>	<u>\$ 222,785</u>	<u>\$ 720,409</u>	<u>\$ 497,624</u>	<u>\$ 15,627</u>	<u>\$ 112,314</u>	<u>\$ 96,687</u>

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) – NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Southgate Bowling Green Fund</b>			<b>Southgate Central Fund</b>			<b>Southgate Countryside Vintage Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Tax and assessments	\$ 76,440	\$ 76,109	\$ (331)	\$ 125,100	\$ 125,794	\$ 694	\$ 132,373	\$ 132,539	\$ 166
Interest income (expense)	200	(6)	(206)	125	292	167	200	167	(33)
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	<u>76,640</u>	<u>76,103</u>	<u>(537)</u>	<u>125,225</u>	<u>126,086</u>	<u>861</u>	<u>132,573</u>	<u>132,706</u>	<u>133</u>
<b>EXPENDITURES</b>									
Recreation and park	<u>71,140</u>	<u>71,046</u>	<u>94</u>	<u>98,825</u>	<u>98,811</u>	<u>14</u>	<u>83,858</u>	<u>45,656</u>	<u>38,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,500</u>	<u>5,057</u>	<u>(443)</u>	<u>26,400</u>	<u>27,275</u>	<u>875</u>	<u>48,715</u>	<u>87,050</u>	<u>38,335</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(26,838)</u>	<u>(5,533)</u>	<u>21,305</u>	<u>(86,153)</u>	<u>(1,383)</u>	<u>84,770</u>	<u>(58,543)</u>	<u>(26,825)</u>	<u>31,718</u>
Total other financing sources (uses)	<u>(26,838)</u>	<u>(5,533)</u>	<u>21,305</u>	<u>(86,153)</u>	<u>(1,383)</u>	<u>84,770</u>	<u>(58,543)</u>	<u>(26,825)</u>	<u>31,718</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(21,338)</u>	<u>(476)</u>	<u>20,862</u>	<u>(59,753)</u>	<u>25,892</u>	<u>85,645</u>	<u>(9,828)</u>	<u>60,225</u>	<u>70,053</u>
Fund balance - July 1, 2015	<u>28,919</u>	<u>28,919</u>	<u>-</u>	<u>88,507</u>	<u>88,507</u>	<u>-</u>	<u>59,147</u>	<u>59,147</u>	<u>-</u>
Fund balance - June 30, 2016	<u>\$ 7,581</u>	<u>\$ 28,443</u>	<u>\$ 20,862</u>	<u>\$ 28,754</u>	<u>\$ 114,399</u>	<u>\$ 85,645</u>	<u>\$ 49,319</u>	<u>\$ 119,372</u>	<u>\$ 70,053</u>

**SOUTHGATE RECREATION & PARK DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**

**BUDGET TO ACTUAL (BUDGETARY BASIS) – NON-MAJOR FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Southgate Florin Fund</b>			<b>Southgate Churchill Downs Fund</b>			<b>Southgate Vineyard East Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Tax and assessments	\$ 55,301	\$ 55,550	\$ 249	\$ 87,571	\$ 87,639	\$ 68	\$ 50,220	\$ 50,231	\$ 11
Interest income (expense)	120	316	196	100	136	36	650	1,685	1,035
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	55,421	55,866	445	87,671	87,775	104	50,870	51,916	1,046
<b>EXPENDITURES</b>									
Recreation and park	24,273	24,245	28	40,495	39,011	1,484	22,405	11,038	11,367
Excess (deficiency) of revenues over (under) expenditures	31,148	31,621	473	47,176	48,764	1,588	28,465	40,878	12,413
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(117,730)	(7,183)	110,547	(124,885)	(102,259)	22,626	(506,073)	(3,429)	502,644
Total other financing sources (uses)	(117,730)	(7,183)	110,547	(124,885)	(102,259)	22,626	(506,073)	(3,429)	502,644
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(86,582)	24,438	111,020	(77,709)	(53,495)	24,214	(477,608)	37,449	515,057
Fund balance - July 1, 2015	101,126	101,126	-	112,683	112,683	-	523,452	523,452	-
Fund balance - June 30, 2016	\$ 14,544	\$ 125,564	\$ 111,020	\$ 34,974	\$ 59,188	\$ 24,214	\$ 45,844	\$ 560,901	\$ 515,057

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) – NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Southgate Vineyard West Fund</b>			<b>North Vineyard Station Fund</b>			<b>Florin-Vineyard Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Tax and assessments	\$ 44,360	\$ 44,645	\$ 285	\$ 75,762	\$ 97,884	\$ 22,122	\$ 20,842	\$ 18,496	\$ (2,346)
Interest income (expense)	500	1,091	591	-	294	294	-	30	30
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	<u>44,860</u>	<u>45,736</u>	<u>876</u>	<u>75,762</u>	<u>98,178</u>	<u>22,416</u>	<u>20,842</u>	<u>18,526</u>	<u>(2,316)</u>
<b>EXPENDITURES</b>									
Recreation and park	<u>16,395</u>	<u>8,449</u>	<u>7,946</u>	<u>75,762</u>	<u>21,738</u>	<u>54,024</u>	<u>20,842</u>	<u>3,576</u>	<u>17,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,465</u>	<u>37,287</u>	<u>8,822</u>	<u>-</u>	<u>76,440</u>	<u>76,440</u>	<u>-</u>	<u>14,950</u>	<u>14,950</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(329,946)</u>	<u>(3,429)</u>	<u>326,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(329,946)</u>	<u>(3,429)</u>	<u>326,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(301,481)</u>	<u>33,858</u>	<u>335,339</u>	<u>-</u>	<u>76,440</u>	<u>76,440</u>	<u>-</u>	<u>14,950</u>	<u>14,950</u>
Fund balance - July 1, 2015	<u>336,446</u>	<u>336,446</u>	<u>-</u>	<u>72,862</u>	<u>72,862</u>	<u>-</u>	<u>5,663</u>	<u>5,663</u>	<u>-</u>
Fund balance - June 30, 2016	<u>\$ 34,965</u>	<u>\$ 370,304</u>	<u>\$ 335,339</u>	<u>\$ 72,862</u>	<u>\$ 149,302</u>	<u>\$ 76,440</u>	<u>\$ 5,663</u>	<u>\$ 20,613</u>	<u>\$ 14,950</u>

**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) – NON-MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Bradshaw Vineyards Open Space Fund</b>			<b>Laguna Trail Extension Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>						
Tax and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income (expense)	4,000	492	(3,508)	400	63	(337)
Other revenues	-	-	-	-	-	-
Total revenues	4,000	492	(3,508)	400	63	(337)
<b>EXPENDITURES</b>						
Recreation and park	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4,000	492	(3,508)	400	63	(337)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(4,000)	(492)	3,508	(400)	(63)	337
Total other financing sources (uses)	(4,000)	(492)	3,508	(400)	(63)	337
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	-	-	-	-
Fund balance - July 1, 2015	200,000	200,000	-	20,000	20,000	-
Fund balance - June 30, 2016	\$ 200,000	\$ 200,000	\$ -	\$ 20,000	\$ 20,000	\$ -



**SOUTHGATE RECREATION & PARK DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET TO ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest income (expense)	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Principal paid on debt	725,668	725,668	756,398	(30,730)
Interest paid on debt	315,465	315,465	269,196	46,269
Total expenditures	1,041,133	1,041,133	1,025,594	15,539
Excess (deficiency) of revenues over (under) expenditures	(1,041,133)	(1,041,133)	(1,025,594)	15,539
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,044,133	1,044,133	1,027,324	(16,809)
Fees paid on debt	(3,000)	(3,000)	(1,730)	1,270
Total other financing sources (uses)	1,041,133	1,041,133	1,025,594	(15,539)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	-	-
Fund balance - July 1, 2015	-	-	-	-
Fund balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -

**SOUTHGATE RECREATION & PARK DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**

**BUDGET TO ACTUAL (BUDGETARY BASIS) – CAPITAL PROJECTS FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Vineyard Development Impact Fees Fund			Vineyard Springs Development Impact Fees Fund			North Vineyard Station Development Impact Fees Fund		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>									
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
In-lieu fees	-	-	-	-	-	-	-	-	-
State and Federal grants	-	-	-	-	-	-	-	-	-
Interest income (expense)	-	6,616	6,616	-	11,603	11,603	-	6,412	6,412
Developer Fees	25,000	108,133	83,133	25,000	417,808	392,808	25,000	649,972	624,972
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	25,000	114,749	89,749	25,000	429,411	404,411	25,000	656,384	631,384
<b>EXPENDITURES</b>									
Capital Outlay	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	25,000	114,749	89,749	25,000	429,411	404,411	25,000	656,384	631,384
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(1,990,008)	-	1,990,008	(3,378,767)	(88,430)	3,290,337	(1,882,361)	(14,525)	1,867,836
Total other financing sources (uses)	(1,990,008)	-	1,990,008	(3,378,767)	(88,430)	3,290,337	(1,882,361)	(14,525)	1,867,836
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(1,965,008)	114,749	2,079,757	(3,353,767)	340,981	3,694,748	(1,857,361)	641,859	2,499,220
Fund balance - July 1, 2015	2,313,197	2,313,197	-	3,563,467	3,563,467	-	4,156,135	4,156,135	-
Fund balance - June 30, 2016	\$ 348,189	\$ 2,427,946	\$ 2,079,757	\$ 209,700	\$ 3,904,448	\$ 3,694,748	\$ 2,298,774	\$ 4,797,994	\$ 2,499,220

**SOUTHGATE RECREATION & PARK DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**

**BUDGET TO ACTUAL (BUDGETARY BASIS) – CAPITAL PROJECTS FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>In Lieu Fees</b>			<b>Capital Projects</b>			<b>Capital Projects - Bond Proceeds Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
In-lieu fees	-	46,494	46,494	-	-	-	-	-	-
State and Federal grants	-	-	-	119,000	-	(119,000)	-	-	-
Interest income (expense)	-	23,045	23,045	25,000	17,336	(7,664)	-	14,950	14,950
Developer Fees	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	69,539	69,539	144,000	17,336	(126,664)	-	14,950	14,950
<b>EXPENDITURES</b>									
Capital Outlay	-	-	-	17,740,217	4,385,632	13,354,585	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	69,539	69,539	(17,596,217)	(4,368,296)	13,227,921	-	14,950	14,950
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	17,596,217	4,370,046	(13,226,171)	-	-	-
Transfers out	(3,166,178)	-	3,166,178	-	-	-	(4,161,089)	(3,687,398)	473,691
Total other financing sources (uses)	(3,166,178)	-	3,166,178	17,596,217	4,370,046	(13,226,171)	(4,161,089)	(3,687,398)	473,691
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(3,166,178)	69,539	3,235,717	-	1,750	1,750	(4,161,089)	(3,672,448)	488,641
Fund balance - July 1, 2015	3,589,800	3,589,800	-	151,266	151,266	-	4,117,420	4,117,420	-
Fund balance - June 30, 2016	<u>\$ 423,622</u>	<u>\$ 3,659,339</u>	<u>\$ 3,235,717</u>	<u>\$ 151,266</u>	<u>\$ 153,016</u>	<u>\$ 1,750</u>	<u>\$ (43,669)</u>	<u>\$ 444,972</u>	<u>\$ 488,641</u>

## **OTHER INDEPENDENT AUDITOR'S REPORT**



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southgate Recreation & Park District  
Sacramento, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southgate Recreation & Park District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

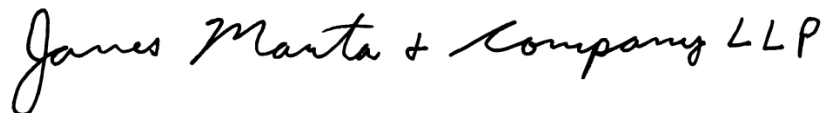
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 10, 2016