



**SOLEDAD-MISSION
RECREATION DISTRICT**

**ANNUAL FINANCIAL
REPORT**

**JUNE 30, 2023, JUNE 30, 2022
& JUNE 30, 2021**

SOLEDAD-MISSION RECREATION DISTRICT

OF MONTEREY COUNTY

SOLEDAD, CALIFORNIA

JUNE 30, 2023

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jackson Kesecker		January 2025
Flavio Diaz Torres (Resigned)		January 2025
Mike De La Rosa (Resigned)		January 2023
Pete Meza	Chair to the Board	January 2025
Karina Bravo		January 2027
Veronica Fernandez		January 2025
Candi Gudino (Resigned)		January 2025
Cindy Avelino (Resigned)		January 2023
Ritchi Florez (Removed)		January 202

ADMINISTRATION

Frances Bengston

Executive Director

ORGANIZATION

The Supervisors of the County of Monterey appoint the members of the governing board for a term of four years. However, the City of Soledad has historically nominated three of the members.

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SOLEDAD-MISSION RECREATION DISTRICT

TABLE OF CONTENTS
JUNE 30, 2023

FINANCIAL SECTION

Independent Auditor’s Report..... - 1 -

Basic Financial Statements

 Governmental Fund Balance Sheet and Statement of Net Position..... - 4 -

 Governmental Fund Revenues, Expenditures, and Changes in Fund Balance & Statement of Activities..... - 7 -

 Notes to Financial Statements..... - 10 -

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedules..... - 21 -

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Soledad-Mission Recreation District
Soledad, California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and the major fund of Soledad-Mission Recreation District, as of and for the years ended June 30, 2023, June 30, 2022, and June 30, 2022, and the related notes to the financial statements, which collectively comprise Soledad-Mission Recreation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Soledad-Mission Recreation District, as of June 30, 2023, June 30, 2022, and June 30, 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Soledad-Mission Recreation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

RT DENNIS
ACCOUNTANCY

In performing an audit in accordance with GAAS, we:

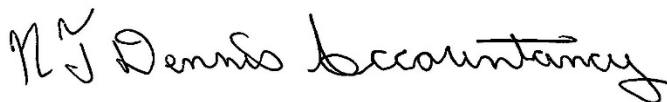
- ❖ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information on pages 21–23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.



October 22, 2024

SOLEDAD-MISSION RECREATION DISTRICT

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
 JUNE 30, 2023

	General Fund	Adjustments (Note 2 - A.)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 472,402	\$ -	\$ 472,402
Accounts receivable	18,833	-	18,833
Prepaid expenditures	210	-	210
Nondepreciable capital assets	-	16,256	16,256
Depreciable capital assets, net	-	578,051	578,051
Total Assets	\$ 491,445	\$ 594,307	\$ 1,085,752
DEFERRED OUTFLOWS OF RESOURCES	-	3,125	3,125
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 491,445	\$ 597,432	\$ 1,088,877
LIABILITIES			
Accrued liabilities	\$ 23,041	\$ 3,088	\$ 26,129
Unearned revenue	843	-	843
Long-term liabilities, current portion	-	40,171	40,171
Long-term liabilities, non-current portion	-	172,764	172,764
Total Liabilities	23,884	216,023	239,907
FUND BALANCES / NET POSITION			
Fund balance			
Non-spendable	460	(460)	-
Spendable			
Restricted	140,632	-	-
Spendable, Unassigned	326,469	(326,469)	-
Net position			
Net investment in capital assets	-	381,372	381,372
Restricted	-	-	140,632
Unrestricted	-	326,966	326,966
Total Fund Balances / Net Position	467,561	381,409	848,970
Total Liabilities and Fund Balances / Net Position	\$ 491,445	\$ 597,432	\$ 1,088,877

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
 JUNE 30, 2022

	General Fund	Adjustments (Note 2 - A.)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 453,645	\$ -	\$ 453,645
Accounts receivable	15,537	-	15,537
Prepaid expenditures	2,502	-	2,502
Nondepreciable capital assets	-	16,256	16,256
Depreciable capital assets, net	-	568,586	568,586
Total Assets	\$ 471,684	\$ 584,842	\$ 1,056,526
DEFERRED OUTFLOWS OF RESOURCES	-	3,750	3,750
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	471,684	588,592	1,060,276
LIABILITIES			
Accrued liabilities	\$ 21,524	\$ 3,653	\$ 25,177
Unearned revenue	917	-	917
Long-term liabilities, current portion	-	39,031	39,031
Long-term liabilities, non-current portion	-	212,934	212,934
Total Liabilities	22,441	255,618	278,059
FUND BALANCES / NET POSITION			
Fund balance			
Non-spendable	2,752	(2,752)	-
Spendable			
Restricted	182,000	-	-
Spendable, Unassigned	264,491	(264,491)	-
Net position			
Net investment in capital assets	-	332,877	332,877
Restricted	-	-	182,000
Unrestricted	-	267,340	267,340
Total Fund Balances / Net Position	449,243	332,974	782,217
Total Liabilities and Fund Balances / Net Position	\$ 471,684	\$ 588,592	\$ 1,060,276

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
 JUNE 30, 2021

	General Fund	Adjustments (Note 2 - A.)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 305,777	\$ -	\$ 305,777
Prepaid expenditures	2,557	-	2,557
Nondepreciable capital assets	-	16,256	16,256
Depreciable capital assets, net	-	582,470	582,470
Total Assets	\$ 308,334	\$ 598,726	\$ 907,060
DEFERRED OUTFLOWS OF RESOURCES			
	-	4,375	4,375
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	308,334	603,101	911,435
LIABILITIES			
Accrued liabilities	\$ 12,240	\$ 4,203	\$ 16,443
Unearned revenue	1,149	-	1,149
Long-term liabilities, current portion	-	37,923	37,923
Long-term liabilities, non-current portion	-	251,965	251,965
Total Liabilities	13,389	294,091	307,480
FUND BALANCES / NET POSITION			
Fund balance			
Non-spendable	2,557	(2,557)	-
Spendable			
Restricted	20,250	-	-
Spendable, Unassigned	272,138	(272,138)	-
Net position			
Net investment in capital assets	-	308,838	308,838
Restricted	-	-	20,250
Unrestricted	-	274,867	274,867
Total Fund Balances / Net Position	294,945	309,010	603,955
Total Liabilities and Fund Balances / Net Position	\$ 308,334	\$ 603,101	\$ 911,435

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

**GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
& STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 2 - B.)</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 450,364	\$ -	\$ 450,364
Licenses and permits	1,850	-	1,850
Intergovernmental revenues	102,973	-	102,973
Charges for services	294,880	-	294,880
Revenue from use of money	15	-	15
Miscellaneous	49,281	-	49,281
Total Revenues	899,363	-	899,363
EXPENDITURES			
Current			
Salaries	344,350	-	344,350
Benefits	65,007	-	65,007
Materials and supplies	80,327	-	80,327
Services	234,612	-	234,612
Depreciation	-	41,894	41,894
Capital outlay	110,692	(51,359)	59,333
Debt service			
Principal	39,030	(39,030)	-
Interest and other	7,027	60	7,087
Total Expenditures	881,045	(48,435)	832,610
NET CHANGE IN FUND BALANCE /			
NET POSITION	18,318	48,435	66,753
Fund Balance - Beginning	449,243	332,974	782,217
Fund Balance - Ending	\$ 467,561	\$ 381,409	\$ 848,970

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

**GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
& STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Adjustments (Note 2 - B.)</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 406,579	\$ -	\$ 406,579
Licenses and permits	3,300	-	3,300
Intergovernmental revenues	207,928	-	207,928
Charges for services	326,582	-	326,582
Revenue from use of money	(8,338)	-	(8,338)
Miscellaneous	36,457	-	36,457
Total Revenues	972,508	-	972,508
EXPENDITURES			
Current			
Salaries	376,163	-	376,163
Benefits	71,295	-	71,295
Materials and supplies	83,138	-	83,138
Services	215,608	-	215,608
Depreciation	-	39,833	39,833
Capital outlay	25,949	(25,949)	-
Debt service			
Principal	37,923	(37,923)	-
Interest and other	8,134	75	8,209
Total Expenditures	818,210	(23,964)	794,246
NET CHANGE IN FUND BALANCE /			
NET POSITION	154,298	23,964	178,262
Fund Balance - Beginning	294,945	309,010	603,955
Fund Balance - Ending	\$ 449,243	\$ 332,974	\$ 782,217

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

**GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
& STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2 - B.)</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 393,100	\$ -	\$ 393,100
Licenses and permits	420	-	420
Intergovernmental revenues	6,436	-	6,436
Charges for services	56,163	-	56,163
Revenue from use of money	1,919	-	1,919
Miscellaneous	6,410	-	6,410
Total Revenues	464,448	-	464,448
EXPENDITURES			
Current			
Salaries	128,408	-	128,408
Benefits	35,510	-	35,510
Materials and supplies	37,539	-	37,539
Services	102,406	-	102,406
Depreciation	-	39,143	39,143
Capital outlay	32,728	(47,728)	(15,000)
Debt service			
Principal	36,804	(36,804)	-
Interest and other	9,252	(4,425)	4,827
Total Expenditures	382,647	(49,814)	332,833
Excess (Deficiency) of Revenues			
Over Expenditures	81,801	49,814	131,615
OTHER FINANCING SOURCES (USES)			
Other Sources	326,735	(326,735)	-
Other Uses	(326,735)	326,735	-
Net Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCE /			
NET POSITION	81,801	49,814	131,615
Fund Balance - Beginning	213,144	259,196	472,340
Fund Balance - Ending	\$ 294,945	\$ 309,010	\$ 603,955

The accompanying notes are an integral part of these financial statements

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The District is located in the County of Monterey just south of the City of Salinas. The District is a special district formed with the intent to provide recreational services for the residents of the District through the operation of a swimming facility and a park. The District encompasses the City of Soledad and the outlying areas. The District is governed by a Board of Directors who is appointed by the County of Monterey's Board of Supervisors.

1 - B. Component Unit

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

The Soledad-Mission Foundation (the "Foundation") is a nonprofit, public benefit corporation, incorporated under the laws of the State of California. The Corporation was formed to provide fundraising and grant opportunities for the Soledad-Mission Recreation District, its facilities and programs.

The Board had appointed itself to the Foundation Board in 2019 in hopes of completing filings and returning functionality to the Foundation, however due to the Pandemic no action, or meetings have taken place regarding the Foundation.. There were no activities, fundraising or otherwise, since, nor any expenses occurred, and therefore is not reported on the financial statements.

1 - C. Other Related Entities

Joint Powers Authority (JPA). The District is associated with one JPA, the California Association for Park & Recreation Indemnity ("CAPRI"). This organization does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 7 to the financial statements.

1 - D. Basis of Presentation, Basis of Accounting

Basis of Presentation

Combined Presentation. The District is a special-purpose governments engaged in a single governmental program (recreation district). The accounting standards allow these kinds of governments to employ alternative forms of presentation that involve combining the government-wide and fund financial statements using a columnar format that reconciles the two kinds of financial data in a separate column on each statement.

Government-Wide Statements. The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements provide information about the primary government (the "District"). Eliminations have been made to minimize the double counting of internal activities.

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2023

Fund Financial Statements. The fund financial statements provide information about the District's General Fund. The general fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of a District's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. A District may have only one general fund.

Basis of Accounting

Government-Wide. The government-wide financial statements are reported using the economic resources measurement focus, and is reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Governmental Funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Property taxes are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

1 - E. Assets, Liabilities, and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Some short-term cash surpluses are maintained in the county cash and investments pool, the earnings from which are allocated to each fund based on month-end deposit and investment balances.

Investments are reported at fair value, based on quoted market prices, except for money market investments, which are reported at amortized cost.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50
Site Improvements	7 – 30
Equipment	5 – 20

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Fund Balance. Fund balance is divided into three classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form or in spendable form but that are legally or contractually required to remain intact, such as petty cash balances. As of June 30, 2023 the nonspendable balance of \$460 consisted of \$250 for petty cash and prepaid items of \$210; the \$2,752 balance as of June 30, 2022 consisted of \$250 for petty cash balance and prepaid items of \$2,502, and the \$2,807 balance as of June 30, 2021 consisted of \$250 for petty cash balance and prepaid items of \$2,557.

Unassigned - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Minimum Fund Balance Policy – The District does not currently have a board approved minimum fund balance policy.

Net Position. Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2023. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

1 - F. Revenue and Expenditures / Expenses

Revenues – Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year 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 expected to be received within 60 days of fiscal year-end.

Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on property as it exists on January 1st at 12:01 a.m. Tax bills are generated every fiscal year (July 1 through June 30) and mailed in mid-October and payment may be made in two installments, due as follows:

- ❖ 1st Installment - Due November 1st, Delinquent after 5:00 p.m. December 10th.
- ❖ 2nd Installment - Due February 1st, Delinquent after 5:00 p.m. April 10th.

If the delinquency date falls on a Saturday, Sunday, or legal holiday, the hour of delinquency is extended to 5:00 p.m. the following business day.

The County of Monterey bills and collects the taxes on behalf of the District. The District recognizes property tax revenues actually received as reported by the Monterey County Auditor – Controller.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2023

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Fund Balance - Governmental Funds	\$ 467,561	\$ 449,243	\$ 294,945

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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	1,861,001	1,809,642	1,802,295
Accumulated depreciation	(1,266,694)	(1,224,800)	(1,203,569)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid.

In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(3,088)	(3,653)	(4,203)
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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:

Capital leases payable	(212,935)	(251,965)	(289,888)
Deferred gain or loss on debt refunding	3,125	3,750	4,375

Total Net Position - Governmental Activities	\$ 848,970	\$ 782,217	\$ 603,955
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SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

2 - B. Governmental Funds Operating Statements and the Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Change in Fund Balances - Governmental Funds	\$ 18,318	\$ 154,298	\$ 81,801

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	51,359	25,949	47,728
Depreciation expense:	(41,894)	(39,833)	(39,143)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

	39,030	37,923	36,804
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Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

	(60)	(75)	4,425
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Change in net position of Governmental Activities	\$ 66,753	\$ 178,262	\$ 131,615
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SOLEIDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposits and Investments

	2023	2022	2021
Cash on hand	\$ 250	\$ 250	\$ 250
Deposits in financial institutions	118,826	62,681	62,807
Cash in County	360,841	390,714	242,720
Total	\$ 479,917	\$ 453,645	\$ 305,777

3 - B. Policies and Practices

A listing of allowable investment instruments per California Government Code §§16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638; applicable to all local agencies, is available on the Monterey County Treasurer’s website, at http://www.co.monterey.ca.us/taxcollector/Treasury_Main.html.

3 - C. Cash Deposits

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation (“FDIC”) or are collateralized as required by Statutes of the State. As of June 30, 2023, June 30, 2022, and June 30, 2021 the respective bank balances totaled \$139,400, \$97,065, and \$83,521, all of which was insured through the FDIC.

NOTE 4 – CAPITAL ASSETS

Capital asset activity was as follows:

	Balance July 01, 2020	Net Change for the year- ended June 30, 2021	Net Change for the year- ended June 30, 2022	Net Change for the year- ended June 30, 2023	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$ 16,256	\$ -	\$ -	\$ -	\$ 16,256
Capital assets being depreciated					
Structures and improvements	\$ 1,612,612	\$ 34,784	\$ -	\$ 7,500	\$ 1,654,896
Furniture & equipment	125,699	12,944	7,347	43,859	189,849
Total Capital Assets Being Depreciated	1,738,311	47,728	7,347	51,359	1,844,745
Total Accumulated Depreciation	1,164,426	39,143	21,231	41,894	1,266,694
Depreciable Capital Asset	\$ 573,885	\$ 8,585	\$ (13,884)	\$ 9,465	\$ 578,051
Total Capital Assets, net	\$ 590,141	\$ 8,585	\$ (13,884)	\$ 9,465	\$ 578,051

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	June 30, 2023		June 30, 2022		June 30, 2021	
	General Fund	District-Wide	General Fund	District-Wide	General Fund	District-Wide
Vendors payable	\$ 14,008	\$ -	\$ 11,214	\$ -	\$ 6,172	\$ -
Payroll taxes	8,636	-	9,656	-	5,963	-
Sales taxes	397	-	654	-	105	-
Interest payable	-	3,088	-	3,653	-	4,203
Total	\$ 23,041	\$ 3,088	\$ 21,524	\$ 3,653	\$ 12,240	\$ 4,203

NOTE 6 – LONG-TERM DEBT

6 - A. Long-Term Debt Summary

	Balance July 01, 2020	Net Change for the year- ended June 30, 2021	Net Change for the year- ended June 30, 2022	Net Change for the year- ended June 30, 2023	Balance June 30, 2023	Balance Due in One Year
Lease payable	\$ 321,735	\$ (31,847)	\$ (37,923)	\$ (39,030)	\$ 212,935	\$ 40,171

6 - B. Lease Payable

On December 6, 2007 the District entered into an agreement with the Municipal Finance Corporation (“Corporation”) in the amount of \$605,000 including \$105,000 from The Morton Revocable Trust Fund (“Trust”) and \$500,000 from the West America Bank Fund to finance capital improvements to the pool facility. The lease allows the District to leaseback the pool facility from the Bank and Corporation to continue operations and make project improvements. The lease was refinanced in January 2020 with an economic loss of \$5,000. The new lease has an interest rate of 2.9% per annum.

The title will pass to the District at the conclusion of the lease payments. The capital assets have a cost of \$641,602 and accumulated depreciation of \$568,771. The capital lease has minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 40,171	\$ 5,886	\$ 46,057
2025	41,344	4,713	46,057
2026	42,552	3,505	46,057
2027	43,795	2,262	46,057
2028	45,074	983	46,057
Total	\$ 212,935	\$ 17,348	\$ 230,284

SOLEDAD-MISSION RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

NOTE 7 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of CAPRI JPA. CAPRI provides general liability, automobile liability, property loss, physical damage, earthquake and flood, automobile physical damage, boiler and machinery, crime coverage, identity theft expense reimbursement, and workers' compensation coverage. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

During the years ended June 30, 2023, June 30, 2022, and June 30, 2021 the District made payments totaling \$48,413, \$41,725, and \$28,273, respectively, to CAPRI.

REQUIRED SUPPLEMENTARY INFORMATION

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SOLEDAD-MISSION RECREATION DISTRICT

**GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 422,656	\$ 422,656	\$ 450,364	\$ 27,708
Licenses and permits	-	-	1,850	1,850
Intergovernmental revenues	-	-	102,973	102,973
Charges for services	320,180	320,180	294,880	(25,300)
Revenue from use of money	1,450	1,450	15	(1,435)
Miscellaneous	29,333	29,333	49,281	19,948
Total Revenues	773,619	773,619	899,363	125,744
EXPENDITURES				
Current				
Salaries	388,880	388,880	344,350	44,530
Benefits	79,720	79,720	65,007	14,713
Materials and supplies	42,781	42,781	80,327	(37,546)
Services	280,016	280,016	234,612	45,404
Capital outlay	23,750	23,750	110,692	(86,942)
Debt service				
Principal	38,557	38,557	39,030	(473)
Interest and other	7,500	7,500	7,027	473
Total Expenditures	861,204	861,204	881,045	(19,841)
NET CHANGE IN FUND BALANCE	(87,585)	(87,585)	18,318	105,903
Fund Balance - Beginning	449,243	449,243	449,243	
Fund Balance - Ending	\$ 361,658	\$ 361,658	\$ 467,561	\$ 105,903

SOLEDAD-MISSION RECREATION DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
 JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 390,800	\$ 390,800	\$ 406,579	\$ 15,779
Licenses and permits	2,830	2,830	3,300	470
Intergovernmental revenues	163,000	163,000	207,928	44,928
Charges for services	279,404	279,404	326,582	47,178
Revenue from use of money	1,500	1,500	(8,338)	(9,838)
Miscellaneous	36,200	36,200	36,457	257
Total Revenues	873,734	873,734	972,508	98,774
EXPENDITURES				
Current				
Salaries	397,819	397,819	376,163	21,656
Benefits	61,423	61,423	71,295	(9,872)
Materials and supplies	33,887	33,887	83,138	(49,251)
Services	262,577	262,577	215,608	46,969
Capital outlay	-	-	25,949	(25,949)
Debt service				
Principal	37,918	37,918	37,923	(5)
Interest and other	8,139	8,139	8,134	5
Total Expenditures	801,763	801,763	818,210	(16,447)
NET CHANGE IN FUND BALANCE	71,971	71,971	154,298	82,327
Fund Balance - Beginning	294,945	294,945	294,945	
Fund Balance - Ending	\$ 366,916	\$ 366,916	\$ 449,243	\$ 82,327

SOLEDAD-MISSION RECREATION DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
 JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	Actual
REVENUES				
Property taxes	\$ 357,964	\$ 357,964	\$ 393,100	\$ 35,136
Licenses and permits	-	-	420	420
Intergovernmental revenues	5,000	5,000	6,436	1,436
Charges for services	68,393	68,393	56,163	(12,230)
Revenue from use of money	1,850	1,850	1,919	69
Miscellaneous	8,048	8,048	6,410	(1,638)
Total Revenues	441,255	441,255	464,448	23,193
EXPENDITURES				
Current				
Salaries	159,800	159,800	128,408	31,392
Benefits	40,907	40,907	35,510	5,397
Materials and supplies	19,098	19,098	37,539	(18,441)
Services	157,720	157,720	102,406	55,314
Capital outlay	-	-	32,728	(32,728)
Debt service				
Principal	36,581	36,581	36,804	(223)
Interest and other	9,475	9,475	9,252	223
Total Expenditures	423,581	423,581	382,647	40,934
Excess (Deficiency) of Revenues				
Over Expenditures	17,674	17,674	81,801	64,127
Other Financing Sources (Uses):				
Other Sources	-	-	326,735	326,735
Other Uses	-	-	(326,735)	(326,735)
Net Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	17,674	17,674	81,801	64,127
Fund Balance - Beginning	213,144	213,144	213,144	
Fund Balance - Ending	\$ 230,818	\$ 230,818	\$ 294,945	\$ 64,127

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