

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
JUNE 30, 2019 AND 2018
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Western Gateway Recreation and Park District

We have audited the accompanying financial statements of the governmental activities and each major fund of Western Gateway Recreation and Park District, as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Western Gateway Recreation and Park District, as of June 30, 2019 and 2018, 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 and budgetary comparison information on pages 18-19 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.

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
November 16, 2020

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

Members of the Board of Directors

Nancy Peirce	Chairman
Cliff Bryant	Vice Chairman
Chris Harris	Director
Jim Driver	Member
Dan House	Member

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Our discussion and analysis of the Western Gateway Recreation and Park District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2019 and 2018.

I. Brief Discussion of the Basic Financial Statements

The District is a Special District of the County of Nevada. Following this discussion and analysis are the financial statements of the District. The financial statements are designed to provide readers with a broad overview of the District's financial status.

The Statement of Net Position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial position.

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

Fund Financial Statements are prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The District is structured with two governmental funds with revenues recognized in the accounting period in which they become available and measurable and expenditures recognized in the accounting period in which the fund liability is incurred, if measurable. The District also maintains a local bank account (not to exceed \$1,000) used for operational expenses.

II. Condensed Government-Wide Financial Information

At June 30, 2019 and 2018, the District had total net position of \$1,008,664 and \$1,030,638 respectively. At June 30, 2019, the net position amount consisted of the total assets of \$1,054,564 less the total liabilities of \$45,900. At June 30, 2018, the net position amount consisted of the total assets of \$1,037,375 less the total liabilities of \$6,737.

The net position for the district decreased by 21.8% from \$1,030,638 at June 30, 2018, to \$1,008,664 on June 30, 2019. The net position for the district increased by 9.1% from \$1,021,330 on June 30, 2017, to \$1,030,638 on June 30, 2018. This is a decrease of \$21,974 in June 30, 2019 and increase of \$9,308 in June 30, 2018 comes from the change in net position as recorded in the Statement of Activities and flows through the Statement of Net Position. Program expenses by function, general revenues by major source, excess of revenues over expenses and total assets are presented in the Statement of Activities and Changes in Net Position.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**Western Gateway Recreation and Park District's Net Position
June 30, 2019 and 2018**

	2019	2018	Variance	Change
ASSETS				
Total Current Assets	109,477	204,920	(95,443)	-47%
Capital Assets	945,087	832,455	112,632	14%
Total Assets	1,054,563	1,037,375	17,188	17%
LIABILITIES				
Total Liabilities	45,900	6,737	39,163	48%
NET POSITION				
Invested in capital assets	945,087	832,455	112,632	14%
Restricted for capital improvements	16,996	64,579	(47,583)	-74%
Unrestricted	46,581	133,604	(87,023)	-65%
Total Net Position	1,008,664	1,030,638	(21,974)	-20%

**Western Gateway Recreation and Park District's Net Position
June 30, 2018 and 2017**

	2018	2017	Variance	Change
ASSETS				
Total Current Assets	204,920	167,542	37,378	22%
Capital Assets	832,455	861,593	(29,128)	-3%
Total Assets	1,037,375	1,029,135	8,240	0.8%
LIABILITIES				
Total Liabilities	6,737	7,805	(1,068)	-13%
NET POSITION				
Invested in capital assets	832,455	861,593	(29,138)	-3%
Restricted for capital improvements	64,579	61,169	3,410	5%
Unrestricted	133,604	98,568	35,036	36%
Total Net Position	1,030,638	1,021,330	9,308	9%

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

III. Analysis of Financial Position and Results of Operations

Changes in Western Gateway Recreation and Park District's Net Assets
June 30, 2019 and 2018

	2019	2018	Variance	Change
REVENUES				
Property Taxes, Parcel Assessments	107,538	106,639	899	.08%
Mitigation Fees	1,834	4,585	(2,751)	-60%
Charges for Current Services	55,272	54,995	277	.05%
Miscellaneous Income	3,712	3,977	(265)	-60%
Donation	508	578	(70)	-12%
Investment Earnings	2,178	2,579	(401)	-15 %
Total Revenues	171,042	173,353	(2,311)	13%
EXPENSES				
General	169,303	145,849	23,454	16%
Capital Outlay	23,713	18,196	5,517	-30%
Total Expenses	193,016	164,045	28,971	-18%
 Change in Net Position	 (21,974)	 9,308	 (31,282)	 336%

Changes in Western Gateway Recreation and Park District's Net Assets
June 30, 2018 and 2017

	2018	2017	Variance	Change
REVENUES				
Property Taxes, Parcel Assessments	106,639	106,574	65	0.1%
Mitigation Fees	4,585	11,121	(6,536)	-59%
Charges for Current Services	54,995	57,375	(2,380)	4%
Miscellaneous Income	3,977	1,677	2,300	137%
Donation	578	11,342	(10,764)	-95%
Investment Earnings	2,579	1,467	1,112	76%
Total Revenues	173,353	189,556	(16,203)	-8%
EXPENSES				
General	145,849	157,226	(11,377)	-3%
Capital Outlay	18,196	10,805	(109,346)	-84%
Total Expenses	164,045	168,031	7,391	4%
 Change in Net Position	 9,308	 21,525	 (20,617)	 -96%

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

III. Analysis of Financial Position and Results of Operations – Continued

The total revenues for the district increased by 13% from June 30, 2018 to June 30, 2019. The total revenues decreased by 8% from June 30, 2017 to June 30, 2018.

Total expenses for the district decreased by 18% from June 30, 2018 to June 30, 2019. At June 30, 2019 total expenses increased by \$28,971 for a total of \$193,016. Total expenses for the district increased by 4% from June 30, 2017 to June 30, 2018. At June 30, 2018 total expenses increased by \$7,391 for a total of \$164,045.

The change in net position for 2019 was \$21,974 which represents a decrease of \$31,282 or 422% from 2018. The change in net position for 2018 was 9,308 which represents a decrease of \$20,617 or 96% from 2017.

IV. Analysis of Fund Balances and Transaction

The District uses fund accounting to assure and demonstrate compliance with the legal requirements of the Special District. The Fiscal Year 2019 and 2018 fund financial statement reflects the activities of the two governmental funds of the authority on a modified accrual basis.

The funds of the District provide information on short-term inflows, outflows, and balances of available resources. The revenues for the District totaled \$171,042 and \$173,353 at June 30, 2019 and 2018, respectively. The expenditures were \$193,016 and \$164,045 for the years ended June 30, 2019 and 2018, respectively, compared to \$168,031 at June 30, 2017.

V. Budget Variance Analysis

The operating budget for 2019 was \$181,400 with actual expenditures of \$193,016 for a variance of \$-11,616. Capital expenditures were lower than budgeted by \$44,787 for the year ended June 30, 2019. The operating budget for 2018 was \$178,900 with actual expenditures of \$164,405 for a variance of 14,495. Capital expenditures were lower than budgeted by \$50,304 for the year ended June 30, 2018.

VI. Capital Assets

Capital assets for the District total \$945,087 and \$832,455 at June 30, 2019 and 2018, respectively. The total net assets are \$1,008,664 and \$1,030,638 at June 30, 2019 and 2018, respectively. For the year ended June 30, 2019, the park had expenditures of \$184,773 for capital assets, less current year depreciation of \$48,428. For the year ended June 30, 2018, the park had expenditures of \$34,295 for capital assets, less current year depreciation of \$46,757.

VII. Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at 18560 Penn Valley Dr, Penn Valley, CA 95946

WESTERN GATEWAY RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Funds</u>			<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>		
ASSETS					
CURRENT ASSETS					
Cash in County Investment Pool	\$ 86,496	\$ 16,996	\$103,492	\$ -	\$ 103,492
Cash on Hand	5,601	-	5,601	-	5,601
Rental Fee Receivable	384	-	384	-	384
Total Current Assets	<u>92,481</u>	<u>16,996</u>	<u>109,477</u>	<u>-</u>	<u>109,477</u>
NON-CURRENT ASSETS					
Capital Assets- net	-	-	-	945,087 ^a	945,087
Total Assets	<u>\$ 92,481</u>	<u>\$ 16,996</u>	<u>\$109,477</u>	<u>945,087</u>	<u>\$1,054,564</u>
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts Payable	\$ 42,430	\$ -	\$ 42,430	\$ -	\$ 42,430
Other	\$ 500	\$ -	\$ 500	-	\$ 500
Accrued Payroll	-	-	-	-	-
Customer Deposits	2,970	-	2,970	-	2,970
Total Liabilities	<u>45,900</u>	<u>-</u>	<u>45,900</u>	<u>-</u>	<u>45,900</u>
FUND BALANCES					
Unassigned	46,197	-	46,197	(46,197)	-
Committed	-	16,996	16,996	(16,996)	-
Nonspendable	384	-	384	(384)	-
Total Fund Balances	<u>46,581</u>	<u>16,996</u>	<u>63,577</u>	<u>(63,577)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 92,481</u>	<u>\$ 16,996</u>	<u>\$109,477</u>		
NET POSITION					
Invested in capital assets				945,087	945,087
Restricted for capital improvements				16,996	16,996
Unrestricted				46,581	46,581
Total Net Position				<u>\$ 1,008,664</u>	<u>\$1,008,664</u>

^a Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental funds.

See accompanying notes to financial statements.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Funds			Adjustments	Statement of Activities
	General	Special Revenue	Total		
Revenues:					
Property Taxes, Parcel Assessments	\$ 107,538	\$ -	\$ 107,538	\$ -	\$ 107,538
Mitigation Fees	-	1,834	1,834	-	1,834
Charges for Current Services	55,272	-	55,272	-	55,272
Miscellaneous Income	3,712	-	3,712	-	3,712
Donation	508	-	508	-	508
Investment Earnings	1,595	583	2,178	-	2,178
Total Revenue	<u>168,625</u>	<u>2,417</u>	<u>171,042</u>	<u>-</u>	<u>171,042</u>
Expenditures:					
Accounting Fees	11,991	-	11,991	-	11,991
Assessment Fees	4,618	-	4,618	-	4,618
Equipment and Rentals	40	-	40	-	40
Insurance	4,958	-	4,958	-	4,958
Interest	2,956	-	2,956	-	2,956
Janitorial Supplies	2,711	-	2,711	-	2,711
Miscellaneous Expense	2,782	-	2,782	-	2,782
Office Supplies	1,777	-	1,777	-	1,777
Payroll Expenses	64,428	-	64,428	-	64,428
Shop Supplies	809	-	809	-	809
Utilities	23,805	-	23,805	-	23,805
Capital Outlays	134,773	50,000	184,773	(161,060) b	23,713
Depreciation Expense	-	-	-	48,428 a	48,428
Total Expenditures	<u>255,648</u>	<u>50,000</u>	<u>305,648</u>	<u>(112,632)</u>	<u>193,016</u>
Excess of Revenues over Expenditures	<u>(87,023)</u>	<u>(47,583)</u>	<u>(134,606)</u>	<u>112,632</u>	<u>(21,974)</u>
Changes in Fund Balances	<u>(87,023)</u>	<u>(47,583)</u>	<u>(134,606)</u>		
Change in Net Position					(21,974)
Fund Balances/Net Position					
Beginning of the year	<u>133,604</u>	<u>64,579</u>	<u>198,183</u>		<u>1,030,638</u>
End of the year	<u>\$ 46,581</u>	<u>\$ 16,996</u>	<u>\$ 63,577</u>		<u>\$ 1,008,664</u>

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

See accompanying notes to financial statements.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Funds			Adjustments	Statement of Net Position
	General	Special Revenue	Total		
ASSETS					
CURRENT ASSETS					
Cash in County Investment Pool	\$ 138,611	\$ 64,579	\$203,190	\$ -	\$ 203,190
Cash on Hand	1,346	-	1,346	-	1,346
Rental Fee Receivable	384	-	384	-	384
Total Current Assets	<u>140,341</u>	<u>64,579</u>	<u>204,920</u>	<u>-</u>	<u>204,920</u>
NON-CURRENT ASSETS					
Capital Assets- net	-	-	-	832,455 ^a	832,455
Total Assets	<u>\$ 140,341</u>	<u>\$ 64,579</u>	<u>\$204,920</u>	<u>832,455</u>	<u>\$1,037,375</u>
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts Payable	\$ 2,476	\$ -	\$ 2,476	\$ -	\$ 2,476
Accrued Payroll	781	-	781	-	781
Customer Deposits	3,480	-	3,480	-	3,480
Total Liabilities	<u>6,737</u>	<u>-</u>	<u>6,737</u>	<u>-</u>	<u>6,737</u>
FUND BALANCES					
Unassigned	133,220	-	133,220	(133,220)	-
Committed	-	64,579	64,579	(64,579)	-
Nonspendable	384	-	384	(384)	-
Total Fund Balances	<u>133,604</u>	<u>64,579</u>	<u>198,183</u>	<u>(198,183)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 140,341</u>	<u>\$ 64,579</u>	<u>\$204,920</u>		
NET POSITION					
Invested in capital assets				832,455	832,455
Restricted for capital improvements				64,579	64,579
Unrestricted				133,604	133,604
Total Net Position				<u>\$ 1,030,638</u>	<u>\$1,030,638</u>

^a Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental funds.

See accompanying notes to financial statements.

WESTERN GATEWAY RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Funds		Total	Adjustments	Statement of Activities
	General Fund	Special Revenue Funds			
Revenues:					
Property Taxes, Parcel Assessments	\$ 106,639	\$ -	\$ 106,639	\$ -	\$ 106,639
Mitigation Fees	-	4,585	4,585	-	4,585
Charges for Current Services	54,995	-	54,995	-	54,995
Miscellaneous Income	3,977	-	3,977	-	3,977
Donation	578	-	578	-	578
Investment Earnings	1,654	925	2,579	-	2,579
Total Revenue	<u>167,843</u>	<u>5,510</u>	<u>173,353</u>	<u>-</u>	<u>173,353</u>
Expenditures:					
Accounting Fees	7,522	-	7,522	-	7,522
Assessment Fees	5,540	-	5,540	-	5,540
Equipment and Rentals	190	-	190	(1,520) b	(1,330)
Insurance	4,459	-	4,459	-	4,459
Interest	15	-	15	-	15
Janitorial Supplies	3,315	-	3,315	-	3,315
Miscellaneous Expense	1,226	-	1,226	-	1,226
Office Supplies	1,029	-	1,029	-	1,029
Payroll Expenses	51,037	-	51,037	-	51,037
Shop Supplies	472	-	472	-	472
Utilities	25,807	-	25,807	-	25,807
Capital Outlays	32,195	2,100	34,295	(16,099) b	18,196
Depreciation Expense	-	-	-	46,757 a	46,757
Total Expenditures	<u>132,807</u>	<u>2,100</u>	<u>134,907</u>	<u>29,138</u>	<u>164,045</u>
Excess of Revenues over Expenditures	<u>35,036</u>	<u>3,410</u>	<u>38,446</u>	<u>(29,138)</u>	<u>9,308</u>
Changes in Fund Balances	<u>35,036</u>	<u>3,410</u>	<u>38,446</u>		
Change in Net Position					9,308
Fund Balances/Net Position					
Beginning of the year	<u>98,568</u>	<u>61,169</u>	<u>159,737</u>		<u>1,021,330</u>
End of the year	<u>\$ 133,604</u>	<u>\$ 64,579</u>	<u>\$ 198,183</u>		<u>\$ 1,030,638</u>

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

b Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized as fixed assets.

WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – NATURE OF THE ORGANIZATION

Description of the Organization

The Western Gateway Recreation & Park District (District) was formed under Section 57200 of the California Resources Code. The District operates under a five-member Board of Directors and provides general administrative, maintenance, and capital improvements to recreation and park facilities in Penn Valley, California.

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, are set forth in GASB Statement No. 14 "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". Based on that criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

Government-wide and Fund Financial Statement

The District has a single program and therefore combined the government-wide and fund financial statements. The government-wide financial statements information (i.e., the statement of net position and the statement of activities) reports information on the primary government (District) as a whole.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the District considers revenues to be available if they are collected within sixty days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are transacted. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental Activities Consisted of the Following Major Funds:

General Fund

The General Fund is the general operating fund of the District. Fire and Rescue operations and administrative support are the focus of the activity in this fund.

Special Revenue Fund (Mitigation)

The Special Revenue Fund is used to account for mitigation fees allowed by California Law AB1600 for the purpose of offsetting increased capital costs due to development. A resolution by the Nevada County Board of Supervisors allows the collection of these fees and requires that they be spent only for capital additions due to development and additionally requires that these funds be spent and/or designated within five years of collection or they are refundable with interest to the payers. The District's policy is to fully expend these funds within the required time frame and, accordingly, no liability has been recognized.

Net Position

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

Invested in Capital Assets, Net of Related Debt: This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position: This category represents the net position of the District which is restricted by external sources such as banks or by law. When assets are required to be retained in perpetuity, the non-expendable net position is recorded separately from expendable net position.

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

When the District incurs an expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

Nonspendable –

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

Restricted –

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:

- Funding from the state or federal entities or foundations that are legally restricted to specific uses. For example, funds advanced by a federal entity under specific agreements for services, or matching funds for specific initiatives.
- Funds legally restricted by County, state, or federal legislature, or a government’s charter or constitution.
- Amounts collected from non-spendable items, such as the long term portion of loans outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

Committed –

Two criteria are used to determine the District’s committed fund balance:

1. Use of funds is constrained by limits imposed by the government’s highest level of decision making. The highest level of decision making for the District would be the Board of Directors.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

Commitments, modifications, or removals must occur prior to the end of the reporting period; that is, the fiscal year being reported upon.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assigned –

The assigned portion of the fund balance reflects the District’s intended use of resources, which is established either by the Board of Directors, a body created by the Board such as a finance committee, or an official designated by the Board (e.g., Fire Chief). The “assigned” component is similar to the “committed” component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of the Board of Directors	Yes	No
Formal action of the Board of Directors is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget, where the Fire Chief may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the Board has approved a plan or budget
- Resources approved by the Board for a long range financial plan where formal approval is not required to modify the amount.

Unassigned –

This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assigning an expense into more than one category, the restricted amount will be reduced first, followed by unrestricted amounts.

WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Bad Debts

Bad debts are written off using the direct write-off method which is not in accordance with generally accepted accounting principles; however, the effect of this departure is not considered material.

Budget

An operating budget is legally adopted by resolution each fiscal year for the General and Special Revenue (Capital Project) Funds on a modified accrual basis. Appropriations lapse at the end of each fiscal year.

The level of legal budgetary control under the operating budget is by fund, except for the General Fund for which the level of control is by various departments. For the applicable levels of control, the budget can be amended only by District Council action. Additionally, the transfer of any sums within any specific appropriations may be made only upon approval by the District Board.

Interfund Transactions

Operating transfers are made in certain funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

Estimates

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

Fixed Assets

The District's property, plant and equipment, and infrastructure with useful lives of more than one year are stated at estimated or historical cost and reported in the government-wide financial statements. The District generally capitalizes assets with costs in excess of \$500. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated life of the asset. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 – CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS

Nearly all cash at June 30, 2019 and 2018 is pooled for investment purposes and held by Nevada County. Interest is apportioned quarterly to the District based on the average daily balances on deposit with the County of Nevada. The Nevada County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy. The County established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code.

The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasury is accountable to the County Treasury Oversight Committee. The District’s fair value portion in the pool is the same as the District’s pool share. There was no difference between the carrying amount and the fair value of cash and investments; therefore, an adjustment to fair value was not required for GASB 31 compliance.

The District deposits all funds in interest bearing accounts with Nevada County. The District does not own any specific identifiable investments in the pool. Information regarding categorization of cash and investments held in the County can be found in the County of Nevada’s financial statements.

The District’s carrying amount and fair value of investments in the County Treasury as of June 30, 2019 and 2018 are as follows:

Pooled Investments:	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
June 30, 2019	\$ 86,496	\$ 16,996	\$ -
June 30, 2018	\$138,611	\$ 64,579	\$ -

Fair value was based on unaudited quoted market values provided by the Nevada County Treasurer.

The State law and County’s Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor’s or P1 by Moody’s Investors Services. State law and the County’s Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor’s and Moody’s Investors Services. The County’s investment reports can be obtained from the County of Nevada.

At June 30, 2019 and 2018, \$5,601 and \$1,346 was held in a bank account or on hand as petty cash, respectively. These amounts are therefore not included in the Pooled Investments above.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

1. Finance-Related Legal and Contractual Provisions

<u>Violation</u>	<u>Action Taken</u>
None	None

2. Deficit Fund Net Assets of Individual Funds

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	n/a	None

NOTE 5 – FIXED ASSETS

The following is a summary of changes in fixed assets:

<u>Description</u>	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Land Improvements	\$ 407,222	\$ 116,000	\$ -	\$ 523,222
Buildings	825,559	3,281	-	828,840
Building Improvements	-	40,586	-	40,586
Furniture and Equipment	714,030	1,193	-	715,223
Total Capital Assets	1,946,811	161,060	-	2,107,871
Less: Accumulated Depreciation	(1,114,356)	(48,428)	-	(1,162,784)
Total Capital Assets, net of Accumulated Depreciation	\$ 832,455	\$ 112,632	\$ -	\$ 945,087

<u>Description</u>	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
Land Improvements	\$ 407,222	\$ -	\$ -	\$ 407,222
Buildings	825,559	-	-	825,559
Furniture and Equipment	702,111	17,619	(5,700)	714,030
Total Capital Assets	1,934,892	17,619	(5,700)	1,946,811
Less: Accumulated Depreciation	(1,073,299)	(46,757)	5,700	(1,114,356)
Total Capital Assets, net of Accumulated Depreciation	\$ 861,593	\$ (29,138)	\$ -	\$ 832,455

WESTERN GATEWAY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Depreciation expense for the fiscal years ended June 30, 2019 and 2018 was \$48,428 and \$46,757, respectively.

NOTE 6 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has managed these risks by obtaining coverage from commercial insurance as well as providing employee education and prevention programs. Risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported are considered.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

As of June 30, 2019 and 2018 the Western Gateway Recreation & Park District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 8 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2019 and 2018 have been evaluated through November 16, 2020, the date at which the District's audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
 BALANCE - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property Taxes, Parcel Assessments	\$ 106,000	\$ 107,538	\$ 1,538
Mitigation Fees	24,000	1,834	(22,166)
Charges for Current Services	41,975	55,272	13,297
Miscellaneous Income	2,100	3,712	1,612
Donation	100	508	408
Investment Earnings	800	2,178	1,378
Total Revenue	174,975	171,042	(3,933)
Expenditures:			
Accounting Fees	6,000	11,991	(5,991)
Assessment Fees	4,700	4,618	82
Consulting Fees	2,500	-	2,500
Equipment and Rentals	800	40	760
Insurance	4,200	4,958	(758)
Interest	-	2,956	(2,956)
Janitorial Supplies	3,000	2,711	289
Miscellaneous Expense	1,200	2,782	(1,582)
Office Supplies	1,000	1,777	(777)
Payroll Expenses	65,000	64,428	572
Shop Supplies	1,500	809	691
Utilities	23,000	23,805	(805)
Capital Outlays	68,500	184,773	(116,273)
Total Expenses	181,400	305,648	(124,248)
Excess (Deficit) of Revenues over (under) Expenditures	(6,425)	(134,606)	(128,181)
Fund Balance:			
Beginning of the year	198,183	198,183	
End of the year	\$ 191,758	\$ 63,577	

There were no differences to reconcile the budget basis financial statements and the GAAP basis financial statements, therefore no reconciliation is shown.

**WESTERN GATEWAY RECREATION AND PARK DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
 BALANCE - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property Taxes, Parcel Assessments	\$ 106,000	\$ 106,639	\$ 639
State of California Prop 40 Funds	-	-	-
Mitigation Fees	24,000	4,585	(19,415)
Charges for Current Services	41,975	54,995	13,020
Miscellaneous Income	2,100	3,977	1,877
Donation	100	578	478
Investment Earnings	800	2,579	1,779
Total Revenue	<u>174,975</u>	<u>173,353</u>	<u>(1,622)</u>
Expenditures:			
Accounting Fees	6,000	7,522	(1,522)
Assessment Fees	4,700	5,540	(840)
Equipment and Rentals	800	190	610
Insurance	4,200	4,459	(259)
Interest	-	15	
Janitorial Supplies	3,000	3,315	(315)
Miscellaneous Expense	1,200	1,226	(26)
Office Supplies	1,000	1,029	(29)
Payroll Expenses	65,000	51,037	13,963
Shop Supplies	1,500	472	1,028
Utilities	23,000	25,807	(2,807)
Capital Outlays	68,500	34,295	34,205
Total Expenses	<u>178,900</u>	<u>134,907</u>	<u>44,008</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>(3,925)</u>	<u>38,446</u>	<u>42,371</u>
Fund Balance:			
Beginning of the year	<u>159,737</u>	<u>159,737</u>	
End of the year	<u>\$ 155,812</u>	<u>\$ 198,183</u>	

There were no differences to reconcile the budget basis financial statements and the GAAP basis financial statements, therefore no reconciliation is shown.

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To the Board of Directors of
Western Gateway Recreation and Park District
Penn Valley, California

Communication of Significant Deficiencies

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Western Gateway Recreation and Park District as of and for the year ended June 30, 2019 and 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Western Gateway Recreation and Park District's internal control over financial reporting (internal control) as a basis for designing 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 Western Gateway Recreation and Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Gateway Recreation and Park District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

Findings 2019-1 & 2018-1 – Reliance on Auditor for Footnote Disclosures

Condition: Management relies on the auditor to prepare for approval the footnote disclosures required for the District’s financial statements to be in compliance with generally accepted accounting standards.

Criteria: Auditing standards state that the auditor may not be part of an organization’s internal control system. Someone within the organization must be knowledgeable in generally accepted accounting standards and capable of preparing full-disclosure financial statements in conformity with generally accepted accounting principles.

Cause: The District does not employ an accountant educated or trained in generally accepted accounting principles and does not contract the external accountant to prepare financial statements in conformity with generally accepted accounting principles prior to the annual audit.

Effect: District must rely on auditor to prepare footnote disclosures.

Recommendation: We recommend that, if it becomes necessary for the District to issue financial statements to third party users prior to the annual audit, the District consider the cost benefit of contracting their accountant educated or trained in generally accepted accounting principles to compile full disclosure financial statements.

Response: Management has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles, or contracting their external accountant to perform additional services, and feels that the financial statements currently provided are suitable for management and board decision-making and reliance upon the auditor for footnote disclosures is cost-effective. However, should the need arise for issuing full-disclosure financial statements to third-party users prior to the annual audit, management will consider the cost-benefit of hiring an accountant familiar with generally accepted accounting principles to compile full-disclosure financial statements.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Western Gateway Recreation and Park District, and is not intended to be, and should not be, used by anyone other than these specified parties.



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
November 16, 2020

P.O. Box 160
Lincoln, CA 95648
Office (916) 434-1662
Fax (916) 434-1090

November 16, 2020

To the Board of Directors of
Western Gateway Recreation and Park District
Penn Valley, California

Dear Directors,

In planning and performing our audit of the financial statements of Western Gateway Recreation and Park District (the District) for the years ended June 30, 2019 and 2018, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

We previously reported on the District's internal control in the preceding report dated November 16, 2020. This letter does not affect our report dated November 16, 2020, on the financial statements or internal control of Western Gateway Recreation and Park District.

During our examination, we noted the following matters that do not rise to the level of significant deficiencies but are opportunities for strengthening internal controls and improving operating efficiency.

During our review of expenditures, we noted the following:

- Several invoices were not initialed and dated to show approval prior to payment. Although it is the District's practice to review and approve invoices prior to payment, we recommend that all invoices be initialed and dated by a board member to show that this procedure was performed.
- There were some cash disbursements missing source documents and cancelled checks. We recommend obtaining and filing supporting documentation for all expenses as soon as possible after they are incurred to reduce the opportunity for misplacement.

During our review of payroll, we noted the following:

- Some timesheets were not signed by employee. Employees should always sign off on their timesheet. If timesheets are submitted electronically and emailed, the email should be printed and attached to show completion by employee. Otherwise, employees should physically sign the timesheet.

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

If you have any questions, please feel free to contact us.

A handwritten signature in cursive script that reads "Jensen Smith". The signature is written in black ink and is positioned above the printed name.

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California