

**SILVERADO-MODJESKA  
RECREATION AND PARKS DISTRICT**

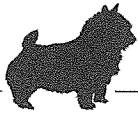
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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2021**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Silverado-Modjeska Recreation and Parks District, as of and for the year ended June 30, 2021, 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 an opinion 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 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 District'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 District'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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Silverado-Modjeska Recreation and Parks District as of June 30, 2021, and the respective changes in financial position and, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the 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 opinion on the basic financial statements is not affected by the missing information.



Citrus Heights, California

June 30, 2022

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2021

ASSETS	Governmental Fund			Enterprise Fund	Total
	Recreation and Parks			Child Care	
	General Fund	Adjustments	Statement of Net Position		
Cash (Note 3)	\$ 311,492	\$ -	\$ 311,492	\$ 24,546	\$ 336,038
Accounts receivable	-	-	-	-	-
Interest receivable	126	-	126	-	126
Capital assets (Note 4)	-	1,264,072	1,264,072	351,407	1,615,479
Less, accumulated depreciation	-	( 516,898)	( 516,898)	( 342,676)	( 859,574)
Interfund receivable	<u>132,246</u>	<u>-</u>	<u>132,246</u>	<u>-</u>	<u>132,246</u>
Total assets	<u>\$ 443,864</u>	<u>\$ 747,174</u>	<u>\$1,191,038</u>	<u>\$ 33,277</u>	<u>\$1,224,315</u>
LIABILITIES					
Payables & deposits	\$ 17,971	\$ -	\$ 17,971	\$ 2,348	\$ 20,319
Interfund payable	-	-	-	132,246	132,246
Unearned revenue	<u>5,607</u>	<u>-</u>	<u>5,607</u>	<u>-</u>	<u>5,607</u>
Total liabilities	<u>23,578</u>	<u>-</u>	<u>23,578</u>	<u>134,594</u>	<u>158,172</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Restricted	-	-	-		
Committed	-	-	-		
Unassigned	<u>420,286</u>	<u>( 420,286)</u>	<u>-</u>		
Total fund balances	<u>420,286</u>	<u>( 420,286)</u>	<u>-</u>		
Total liabilities and fund balances	<u>\$ 443,864</u>				
Net position:					
Net investment in capital assets		747,174	747,174	8,731	755,905
Unrestricted		<u>420,286</u>	<u>420,286</u>	<u>( 110,048)</u>	<u>310,238</u>
Total net position		<u>\$1,167,460</u>	<u>\$1,167,460</u>	<u>\$(101,317)</u>	<u>\$1,066,143</u>

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
for the year ended June 30, 2021

<u>Functions/Programs</u>	<u>Program Revenues</u>		
Primary government:	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>
Governmental activities:			
Recreation and parks	\$ <u>115,926</u>	\$ <u>2,126</u>	\$ <u>-</u>
Total governmental activities	<u>115,926</u>	<u>2,126</u>	<u>-</u>
Business-type activities:			
Child care	<u>227,234</u>	<u>221,809</u>	<u>14,760</u>
Total business-type activities	<u>227,234</u>	<u>221,809</u>	<u>14,760</u>
Total primary government	<u>\$ 343,160</u>	<u>\$ 223,935</u>	<u>\$ 14,760</u>
General revenues:			
Property taxes			
Interest income			
Donations/other income			
Total general revenues			
Change in net position			
Net position – beginning			
Net position – ending			

See notes to financial statements

Net (Expense) Revenue and Changes in Net Position  
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$( <u>113,800</u> )		\$( <u>113,800</u> )
( <u>113,800</u> )		( <u>113,800</u> )
<u>-</u>	\$ <u>9,335</u>	<u>9,335</u>
<u>-</u>	<u>9,335</u>	<u>9,335</u>
( <u>113,800</u> )	<u>9,335</u>	( <u>104,465</u> )
44,293	-	44,293
692	-	692
<u>88,968</u>	<u>2,253</u>	<u>91,221</u>
<u>133,953</u>	<u>2,253</u>	<u>136,206</u>
20,153	11,588	31,741
<u>1,147,307</u>	( <u>112,905</u> )	<u>1,034,402</u>
<u>\$ 1,167,460</u>	<u>\$( 101,317 )</u>	<u>\$ 1,066,143</u>

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
RECREATION AND PARKS  
for the year ended June 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Program expenditures/expenses:			
Recreation and parks services	\$ 83,399	\$ -	\$ 83,399
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>32,527</u>	<u>32,527</u>
Total program expenditures/ expenses	<u>83,399</u>	<u>32,527</u>	<u>115,926</u>
Program revenues:			
Recreation, rental and event income	<u>2,126</u>	<u>-</u>	<u>2,126</u>
General revenues:			
Property taxes	44,293	-	44,293
Interest income	692	-	692
Pass thru fees	78,935	-	78,935
Donations	2,237	-	2,237
Miscellaneous	<u>7,796</u>	<u>-</u>	<u>7,796</u>
Total general revenues	<u>133,953</u>	<u>-</u>	<u>133,953</u>
Excess (expenditures) revenue/changes in net position	52,680	( 32,527)	20,153
Beginning fund balances/net position	<u>367,606</u>	<u>779,701</u>	<u>1,147,307</u>
Ending fund balances/net position	<u>\$ 420,286</u>	<u>\$ 747,174</u>	<u>\$ 1,167,460</u>

See notes to financial statements



SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
RECREATION AND PARKS  
for the year ended June 30, 2021

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property taxes	\$ 25,225	\$ 44,293	\$ 19,068
Interest income	-	692	692
Pass thru fees	45,000	78,935	33,935
Donations	-	2,237	2,237
Recreation, rental and event income	-	2,126	2,126
Miscellaneous income	-	7,796	7,796
Total revenues	70,225	136,079	65,854
Expenditures:			
Insurance	10,400	11,781	( 1,381)
Maintenance – general	16,700	22,933	( 6,233)
Memberships	1,400	1,279	121
Office and postage	1,050	944	106
Legal	1,300	3,765	( 2,465)
Audit	6,500	6,500	-
Caretaker	14,400	2,938	11,462
Secretarial	2,400	-	2,400
Bookkeeping	5,500	5,812	( 312)
Website	1,000	1,150	( 150)
Administrative	1,250	1,826	( 576)
Telephone	4,100	4,472	( 372)
Utilities	12,000	13,715	( 1,715)
Recreation program	-	2,785	( 2,785)
Event expense	-	-	-
Capital outlay	-	-	-
Miscellaneous	600	1,814	( 1,214)
Special Dept.	-	1,389	( 1,389)
Donations	-	296	( 296)
Total expenditures	78,600	83,399	( 4,799)
Excess of revenues (expenditures)	\$( 8,375)	\$ 52,680	\$ 61,055

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
CHILD CARE  
for the year ended June 30, 2021

Operating revenues:		
Tuition and registration		\$ 221,648
Other income		<u>161</u>
Total operating revenues		221,809
Operating expenses:		
Salaries and wages	\$ 142,449	
Payroll taxes	12,845	
Employee benefits	6,156	
Workers comp	1,767	
Taxes & licenses	605	
Office and administrative	10,910	
Professional expense	7,017	
Repairs & maintenance	29,691	
Utilities	5,883	
Special department expense	7,800	
Depreciation	<u>2,111</u>	
Total operating expenses		<u>227,234</u>
Operating income (loss)		( 5,425)
Non-operating revenues (expenses):		
Donations	2,217	
Fundraising, net	36	
Grant income	<u>14,760</u>	
		<u>17,013</u>
Income (loss) before contributions (carried forward)		11,588

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION, continued  
CHILD CARE  
for the year ended June 30, 2021

Income (loss) before contributions (brought forward)	\$ 11,588
Capital contributions	<u>          -</u>
Change in net position	11,588
Total net position: Beginning	( <u>112,905</u> )
Ending (deficit)	\$( <u>101,317</u> )

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF CASH FLOWS  
CHILD CARE  
for the year ended June 30, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 236,569
Payments to suppliers	( 96,782)
Payments to employees	<u>( 142,449)</u>
Net cash provided to operating activities	( 2,662)
Cash flows from noncapital financing activities:	
Receipts from non-operating income	17,013
Cash flows from capital and related financing activities:	
Purchase of capital assets	( 3,200)
Cash flows from investing activities:	
Interest income	<u>-</u>
Net increase in cash	11,151
Cash and cash equivalents:	
Beginning of year	<u>13,395</u>
End of year	<u>\$ 24,546</u>

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
STATEMENT OF CASH FLOWS, continued  
CHILD CARE  
for the year ended June 30, 2021

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		\$( 5,425)
Adjustment to reconcile operating income (loss) to net cash provided to operating activities:		
Depreciation	\$ 2,111	
Changes in operating assets and liabilities:		
Accounts receivable	-	
Accounts payable	652	
Interfund payable	<u>-</u>	<u>2,763</u>
Net cash provided to operating activities		\$( <u>2,662</u> )

See notes to financial statements

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2021

1. Organization:

Silverado-Modjeska Recreation and Parks District (the “District”) is a California special district organized March 21, 1961 to provide park and recreation activities plus open space preservation activities within the District.

The District is governed by a Board of Directors elected by the voters of the District.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District’s significant accounting policies are described below.

Measurement Focus and Basis of Accounting

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. Nonoperating revenues, such as grants, donations and investment earnings, result from nonexchange transactions or ancillary activities. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

The governmental fund is accounted for on a “current financial resources” measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2021

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

when due. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Government-wide Statements – The District’s government-wide financial statements distinguish between the governmental and proprietary (business-type) activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from proprietary activities, which rely to a significant extent on fees charged to external parties. Separate statements for each fund category – governmental and proprietary – are presented.

Fund Financial Statements – The fund financial statements provide information about the District’s funds. Separate statements for each fund category – governmental and proprietary – are presented.

The District reports the following governmental fund:

- The General Fund is the District’s primary operating fund. It is used to account for all activities of the general government, except those required to be accounted for in another fund. The fund is used to account for all financial resources of the recreation and parks department.

The District reports the following proprietary fund:

- The proprietary fund is used to account for the child care operations that is financed and operated in manner similar to business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Structures and equipment are depreciated using the straight-line method over their estimated useful lives which range from 2 to 40 years.

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2021

2. Summary of Significant Accounting Policies, continued:

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District is required to prepare a final balanced budget for each fiscal year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in banks, cash with County are considered to be cash and cash equivalents.

Cash with County

The District maintains cash balances with the Treasurer of County of Orange in interest-bearing pooled investment accounts. Cash with County of Orange is stated at fair value and investments are within State statutes and comply with District's investment policy.

Property Taxes

The District receives property taxes from the County of Orange. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31.

Use of Estimates

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



SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2021

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2021

3. Cash and Investments:

Cash consists of the following at June 30, 2021:

	<u>Recreation &amp; Park</u>	<u>Child Care</u>
Checking	\$ 116,844	\$ 3,994
Savings	-	20,552
Cash with County	<u>194,648</u>	<u>-</u>
	<u>\$ 311,492</u>	<u>\$ 24,546</u>

Deposits:

At June 30, 2021, the carrying amount of the District's deposits was \$141,390 and the balance in financial institutions was \$143,345. The balance in the financial institutions was covered by federal depository insurance and was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other agencies, but not in the name of the District.

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2021

4. Changes in Capital Assets:

Changes in capital for the year ended June 30, 2021 are as follows:

	<u>Balance</u> <u>7-1-20</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>6-30-21</u>
<u>Child Care</u>				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	293,585	3,200	-	296,785
Equipment	<u>54,622</u>	<u>-</u>	<u>-</u>	<u>54,622</u>
	<u>\$ 348,207</u>	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 351,407</u>
 <u>Recreation and Parks</u>				
Land	\$ 21,144	\$ -	\$ -	\$ 21,144
Buildings	1,214,571	-	-	1,214,571
Equipment	<u>28,357</u>	<u>-</u>	<u>-</u>	<u>28,357</u>
	<u>\$1,264,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,264,072</u>

5. Risk of Loss:

Silverado-Modjeska Recreation and Parks District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2021 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

6. Subsequent Events:

Management has evaluated subsequent events through June 30, 2022, the date these June 30, 2021 financial statements were available to be issued.

SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2021

7. COVID-19:

The Silverado Children's Center (SCC) continued to recuperate this fiscal year from the closure and subsequent reopening of the school due to the COVID-19 pandemic. The number of children enrolled in the classroom slowly continues to increase. Hours of operation expanded in November 2021 as demand for full day program has resumed.

In addition, expenses have increased due to stringent cleaning requirements and separation of classrooms into "pods" keeping staff and children in micro-units to avoid exposure to illnesses. Payroll has also increased in order to recruit additional staff in a competitive market environment and retain valuable employees moving forward. Deferred maintenance on buildings was completed as funds allowed. A new overhead structure with patio below was installed to facilitate additional outdoor learning environments.

With the slow reopening of the Silverado Modjeska parks and community center programs, an increase in facility rentals and events has been experienced this past fiscal year. The District has also experienced an increase in tax income based on appreciating property values in the area, the result a higher demand with limited supply of homes for living in the canyon communities.

