

CORDOVA RECREATION AND PARK DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

Prepared by:

Matt Goodell
Finance Manager

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Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i

Organization Chart iii

List of Officials iv

FINANCIAL SECTION

Independent Auditor’s Report 1

Management’s Discussion and Analysis (Required Supplementary Information) 3

Basic Financial Statements:

Government-Wide Financial Statements:

 Statement of Net Position 17

 Statement of Activities 18

Fund Financial Statements:

Governmental Funds:

 Balance Sheet 22

 Reconciliation of Governmental Funds Balance Sheet to the
 Statement of Net Position 24

 Reconciliation of Fund Basis Balance Sheet to Government-wide
 Statement of Net Position – Governmental Activities 25

 Statement of Revenues, Expenditures, and Changes
 in Fund Balances – Governmental Funds 36

 Reconciliation of Fund Basis Statements to Government-wide
 Statement of Activities 28

 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities 29

 Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual – General Fund and
 Major Special Revenue Funds 30

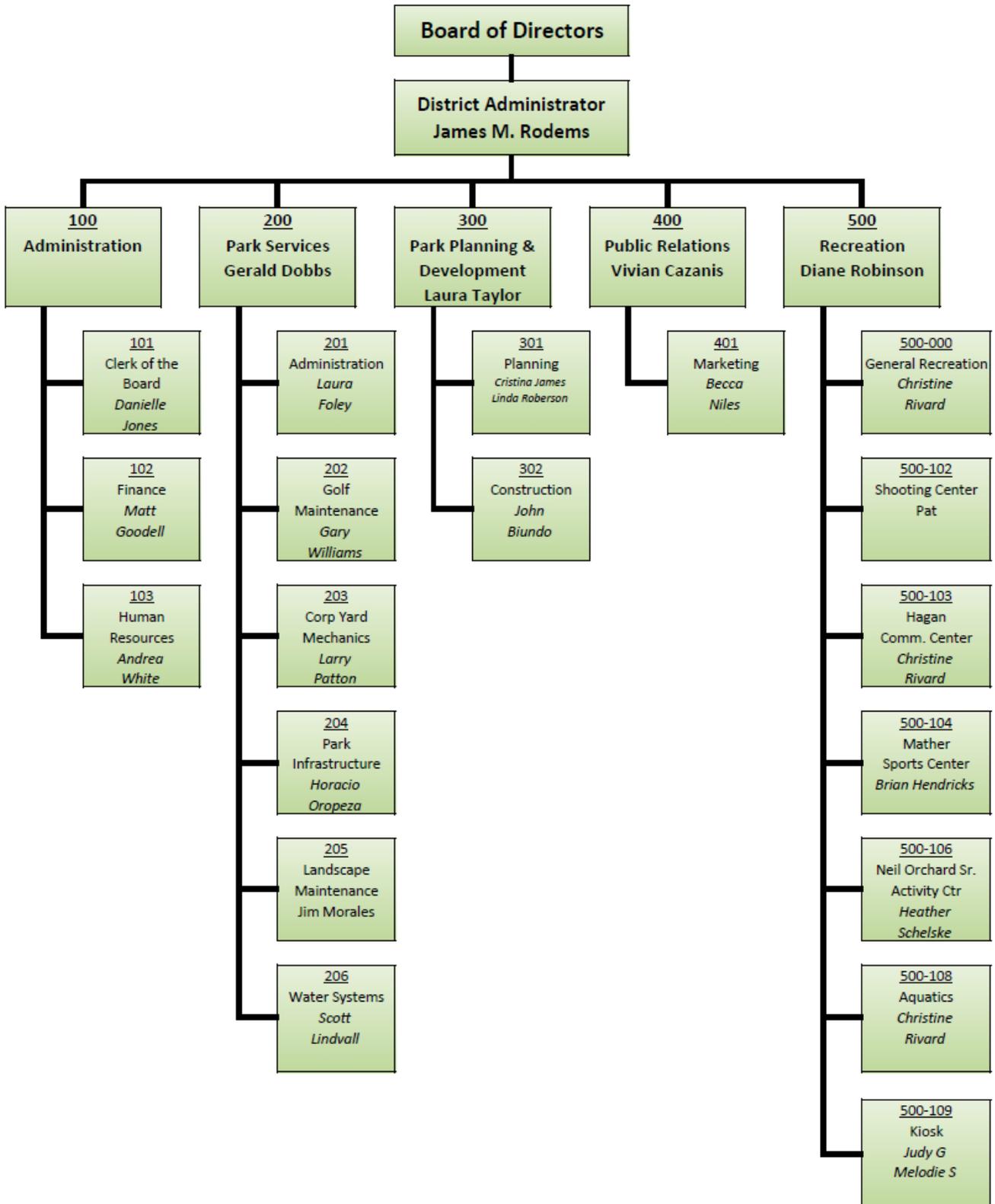
**Cordova Recreation and Park District
 Basic Financial Statements
 For the year ended June 30, 2016**

Table of Contents, Continued

	<u>Page</u>
Basic Financial Statements: (Continued)	
<i>Proprietary Funds:</i>	
Statement of Net Position – Cordova Golf	33
Statement of Revenues, Expenses, and Changes in Fund Net Position – Cordova Golf	34
Statement of Cash Flows – Cordova Golf	35
Notes to the Basic Financial Statements	39
Required Supplementary Information:	
Schedule of Contributions – Miscellaneous Plan	68
Schedule of Contributions – PEPRA Miscellaneous Plan	69
Schedule of the District’s Share of the Net Pension Liability – Miscellaneous Plan	70
Schedule of the District’s Share of the Net Pension Liability – PEPRA Miscellaneous Plan	71
Other Supplemental Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Non-major Special Revenue Funds:	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Villages of Zinfandel Communities Facilities District	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Mather Landscape & Lighting District	81
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Cordova Maintenance Assessment District	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Sacramento County Developer In-Lieu Fees	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Cordova Shooting Center	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Montelena Assessment District	85
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	87

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Organizational Chart



Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

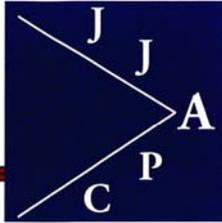
List of Officials

District Board

- Rick Sloan, Chairperson
- Terri Leimbach, Vice-Chairperson
- Inez Reyes, Secretary
- Michael Yearwood
- Brian Danzl

District Officials

- James Rodems, District Administrator
- Matt Goodell, Finance Manager
- Andrea White, Resource Manager
- Diane Robinson, Recreation Manager
- Laura Taylor, Park Planning and Development Manager
- Danielle Jones, Clerk of the Board
- Gerald Dobbs, Park Services Superintendent
- Vivian Cazanis, Communications Manager



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Cordova Recreation and Park District
Rancho Cordova, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and budgetary comparison information of the Cordova Recreation and Park District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, each major fund, the aggregate remaining fund information, and budgetary comparison information of the Cordova Recreation and Park District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that management's discussion and analysis on pages 3-13, the District's Schedules of Contributions on pages 68-69, and the Schedules of the District's Proportionate Share of the Net Pension Liability on pages 70-71, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

May 4, 2017

JJACPA, Inc.

JJACPA, INC.

Dublin, CA

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis

As management for the Cordova Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider this document in conjunction with the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

◆ Government-Wide – Assets, Liabilities and Net Position

- The assets of the District exceeded its liabilities by about \$62.8 million at the end of the 2016 fiscal year. The District's total net position decreased by \$363,556, increasing change in net capital assets (including depreciation expense) of \$232,315, and an increase in current assets of \$348,439.
- The District's net investment in capital assets for its governmental activities as of June 30, 2016, amount to \$53,118,065 which includes capital lease obligations used to acquire certain capital assets.

◆ Government-Wide – Revenues and Expenses

- Overall governmental revenue increased by \$610,584 compared to the 2015 fiscal year. Majority of the outcome resulted from increase in developer Fees (\$1,020,980), property tax (\$156,630), and special assessments (\$85,588), and decrease in charges for services (\$652,614).
- The District's governmental total expense decreased by \$1,419,798 compared to the 2015 fiscal year due to Capital Improvement Project.

◆ Proprietary Enterprise Funds – Cordova Golf

- The net position in fiscal year 2016 increased in the amount of \$7,216. The golf course was on par keeping expenses below revenue received.
- Cordova Golf Course revenues were \$787,429 compared to \$985,351 in fiscal year 2015; a decrease of \$197,922 from the previous year. Overall golf industry has seen a decline in play and rounds played, and our golf course is feeling the impact.
- Expenses in 2016 were \$759,683 and in the previous year \$1,148,711; a positive variance of \$389,028.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report has two major parts:

- 1) **Introductory section**, which includes general information; and,
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules.

The Basic Financial Statements

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

Government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the District consist of community services/recreation and services and supplies.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the District's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2016, the District's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- Sunridge Mello-Roos Special Revenue Fund
- Rancho Cordova Developer Fees Capital Projects Fund

PROPRIETARY FUND:

- Cordova Golf

The District maintains 9 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Sunridge Mello-Roos, and Rancho Cordova Developer Fees, all of which are considered to be major funds. Data from the other 6 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 22-31 of this report.

Proprietary fund. The District maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The District uses an enterprise fund to account for Cordova Golf. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39-65 of this report.

Other supplemental information. The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following required supplementary information. Combining and individual fund statements and schedules can be found on pages 76-85 of this report.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$62,758,888 as of June 30, 2016. The Summary of Net Position as of June 30, 2016, and 2015, follows:

	Summary of Net Position					
	2016			2015		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 15,552,877	\$ (98,749)	\$ 15,454,128	\$ 15,318,902	\$ (213,213)	\$ 15,105,689
Noncurrent assets	55,447,611	414,802	55,862,413	55,357,190	451,075	55,808,265
Deferred outflows of resources	692,165	-	692,165	223,372	-	223,372
Total assets and deferred outflows of resources	<u>71,692,653</u>	<u>316,053</u>	<u>72,008,706</u>	<u>70,899,464</u>	<u>237,862</u>	<u>71,137,326</u>
Current and other liabilities	2,002,500	100,653	2,103,153	1,150,038	24,710	1,174,748
Long-term liabilities	5,934,844	12,760	5,947,604	6,292,074	17,728	6,309,802
Deferred inflows of resources	1,199,061	-	1,199,061	530,332	-	530,332
Total liabilities and deferred inflows of resources	<u>9,136,405</u>	<u>113,413</u>	<u>9,249,818</u>	<u>7,972,444</u>	<u>42,438</u>	<u>8,014,882</u>
Net position:						
Net investment in capital assets	52,703,263	414,802	53,118,065	52,434,675	451,075	52,885,750
Restricted	12,874,134	-	12,874,134	12,000,985	-	12,000,985
Unrestricted (Deficit)	<u>(3,021,149)</u>	<u>(212,162)</u>	<u>(3,233,311)</u>	<u>(1,508,640)</u>	<u>(255,651)</u>	<u>(1,764,291)</u>
Total net position	<u><u>\$ 62,556,248</u></u>	<u><u>\$ 202,640</u></u>	<u><u>\$ 62,758,888</u></u>	<u><u>\$ 62,927,020</u></u>	<u><u>\$ 195,424</u></u>	<u><u>\$ 63,122,444</u></u>

84.6 percent of the net position of the District is represented by the District's net investment in its capital assets (\$53,118,065) includes land, construction in progress, buildings, site improvements, and equipment.

The restricted fund balance of \$12,874,134 consists of mainly two accounts: Sunridge (\$4,799,028) and Developer Fees to be used for future park projects (\$8,048,865).

The remaining amount in unrestricted net position is (\$3,021,149), mainly due to Capital Improvement Project accounts payable, Pension plan obligation, and net change in current year earnings.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2016, and 2015, follows:

	Changes in Net Position					
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,419,793	\$ 787,429	\$ 2,207,222	\$ 1,677,056	\$ 985,351	\$ 2,662,407
Grants and contributions:						
Operating	42,294	-	42,294	1,138,960	-	1,138,960
General revenues:						
Property taxes	3,591,172	-	3,591,172	3,434,542	-	3,434,542
Special assessments	3,675,013	-	3,675,013	3,589,425	-	3,589,425
Developer fees	1,674,190	-	1,674,190	653,210	-	653,210
Other general revenues	464,832	-	464,832	696,438	-	696,438
Use of money and property	101,466	490	101,956	265,701	-	265,701
Total revenues	<u>10,968,760</u>	<u>787,919</u>	<u>11,756,679</u>	<u>11,455,332</u>	<u>985,351</u>	<u>12,440,683</u>
Expenses:						
Governmental activities:						
Community services/recreation:						
Salaries and benefits	5,147,602	-	5,147,602	6,717,003	-	6,717,003
Services and supplies	6,041,756	-	6,041,756	5,924,538	-	5,924,538
Interest	171,194	-	171,194	138,809	-	138,809
Business-type activities:						
Cordova Golf	-	759,683	759,683	-	1,148,711	1,148,711
Total expenses	<u>11,360,552</u>	<u>759,683</u>	<u>12,120,235</u>	<u>12,780,350</u>	<u>1,148,711</u>	<u>13,929,061</u>
Excess (Deficiency) of revenues over expenses before transfers	<u>(391,792)</u>	<u>28,236</u>	<u>(363,556)</u>	<u>(1,325,018)</u>	<u>(163,360)</u>	<u>(1,488,378)</u>
Transfers	<u>21,020</u>	<u>(21,020)</u>	<u>-</u>	<u>50,841</u>	<u>(50,841)</u>	<u>-</u>
Change in net position	<u>(370,772)</u>	<u>7,216</u>	<u>(363,556)</u>	<u>(1,274,177)</u>	<u>(214,201)</u>	<u>(1,488,378)</u>
Net position:						
Beginning of year	62,927,020	195,424	63,122,444	67,828,570	409,625	68,238,195
Adjustments	-	-	-	(3,627,373)	-	(3,627,373)
Beginning, as adjusted	<u>62,927,020</u>	<u>195,424</u>	<u>63,122,444</u>	<u>64,201,197</u>	<u>409,625</u>	<u>64,610,822</u>
End of year	<u>\$ 62,556,248</u>	<u>\$ 202,640</u>	<u>\$ 62,758,888</u>	<u>\$ 62,927,020</u>	<u>\$ 195,424</u>	<u>\$ 63,122,444</u>

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The District's total revenues for governmental and business-type activities were \$11,756,679 for the fiscal year ended June 30, 2016.

- 1. Special Assessments (31.3%) – \$3,675,013** Overall produced an 2.3% assessment increase, mainly from additional constructed dwelling units within the area and a slight CPI index inflation growth.
- 2. Property Taxes (30.5%) – \$3,591,172** Values and amount collected were projected to increase a conservative average of 3.0%, however actual revenues increased by 4.4% this fiscal year.
- 3. Charges for Services (18.8%) – \$2,207,222**
- 4. Developer Fees (14.2%) – \$1,674,190**
- 5. Other General Revenue (5.2%) – \$609,082**

ACCOMPLISHMENTS IN 2016

The Cordova Recreation and Park District has many successes and accomplishments to reflect upon and celebrate over the past year, through the collective efforts of all staff and the leadership of the Board of Directors.

CRPD is an Award-Winning Organization

- Ted Winslow Safety Award from the California Association for Park and Recreation Insurance (CAPRI) from the Cycle XIV District Visitation Program. This award acknowledges the District's commitment to safety and loss control in such areas as safety committees, inspection programs, employee screening and review, appropriate use of waiver and release forms, using indemnification language in facility and rental forms and implementation of our Injury and Illness Prevention Program.
- Sunridge Park was chosen for an article and accompanying video by the California Special Districts Association Magazine.
- The Senior Center received a \$10,000 Meals on Wheels Grant plus a convection oven from the MoW program that is used to heat the daily lunches.
- The District entered a float in the annual Rancho Cordova 4th of July Parade and won 1st Place in the Commercial Category.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

ACCOMPLISHMENTS IN 2016, Continued

Water Usage Reduction Efforts

- Developed a plan of action to increase water efficiency and reduce water costs throughout the District. The plan of action includes:
 - Controllers are running 2-3 days per week at 50-70%.
 - Every other Friday, staff is working to repair and/or replace worn out sprinklers and repairing leaks within the irrigation systems.
 - Valve boxes are being raised or replaced as needed.
- We have met representatives of the three (3) water companies that provide water services to CRPD. They include California American Water; Golden State Water; and Sacramento County Water.
 - **Californian American Water** has asked CRPD to cut back water usage in the parks they service by **32%**. They provide water for the following parks: Henley, Larchmont, Lincoln Village, Manlove, Primrose, Riviera East, Rosemont North, Rosemont, Rosswood, Salmon Falls, and White Rock.
 - **Golden State Water** has asked CRPD to cut back water usage in the parks they service by **37%**. They provide water services for the following parks: Ahlstrom, Countryside, Federspiel, Gold River, Gold Station, Larchmont/Rossmoor, Prospect Hill, Sunriver, Taylor, Renaissance, Sonoma, Stonecreek, Tuscany, Village Greens, Waterbrook, and VOZ streetscapes.
 - **County of Sacramento** has asked CRPD to cut back water in the parks they service by **20%**. They provide water services for the following parks: Argonaut, Eagle's Nest, Kavala Ranch, Sandpiper, Sunridge, Independence, Veteran's, and Sunridge streetscapes.

Meeting Established District Goals

- NO audit findings for Fiscal Year 2014/15.
- Positive Fund Balance for the General Fund.
- Staff drafted 11 new sections of policy for consideration in the upcoming new District policy manual.
- Amended the sick leave and Golden Handshake District Personnel Policies.

Long-Awaited Projects Completed

- Contracted with a digital Archive Information Management company to classify and store District records and reduce paper.
- Developed the new District Mission and Vision statements.
- Documented and photographed all signage within the District.
- Removed Old MacDonald Farm sign from the old restaurant site off of Jackson Road near the Cordova Golf Course.
- New Park Security Patrol Services Contract.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

ACCOMPLISHMENTS IN 2016, Continued

- Hillside Park: Worked with the developer's consultant to design a cutting edge park utilizing the slopes around the perimeter of the site. The majority of construction was completed in 2015.
- Cobblestone Park: Staff reviewed park construction plans from the developer's consultant. Underground utilities were installed in 2015.
- Douglas Road Landscape Corridor: the east end of the landscaped corridor adjacent to the Sunridge Park subdivision was completed and accepted for ownership by the District.
- Americanos Boulevard Landscape Corridor: The District accepted the portion of landscaped corridor fronting the new Somerset Ranch subdivision (previously known as North Douglas).
- A plan set for each park and facility was scanned and electronically archived.
- New water-efficient landscape at Salmon Falls Park. Completed November 2015.
- Bi-weekly Payroll Conversion completed.
- Launched Community Outreach Meetings .
- Active Network web based registration software was implemented at all facilities. The software makes it easier for other departments to use out in the field to check and confirm reservations at picnic and sport field sites. Reports are used to assist Finance and Recreation staff. Updates are sent out periodically and support from Active Net is excellent.
- Reserve Study completed to review District assets and future maintenance, replacement and financial needs.

New Full-Time Team Members

- Communications Manager
- Receptions Coordinator – Mather Sports Center
- Park Services Supervisor II
- Recreation Supervisor II – Mather Sports Center

Professional Growth, Leadership, Staff Development and Wellness

- Supervisor Training with a focus on recruitment, interviews, new hire packets, Worker's Comp procedures, and accident/incident forms.
- Training: Compliance with the Affordable Care Act.
- Training: Paid Sick Leave Law (AB 1522) for part-time staff.
- "Planning your Retirement" conducted by CalPERS for all District PERS members.
- Personnel Policy Training with individual departments.
- Quarterly employee recognition events.
- Open Enrollment and Health Benefit Fair.
- Toro Irrigation, Rainbird, Calsense and Rainmaster conducted training programs for staff to discuss wireless technology in monitoring and controlling District irrigation systems.
- Meeting with representative of John Deere to discuss a new product known as Moisture Manager to be used on the lawn areas to hold moisture in place and available for plant uptake when needed.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

ACCOMPLISHMENTS IN 2016, Continued

- Developed a highly polished and professional Power Point presentation to teach the front-line staff how to do their e-mails and their calendars. The same presentation will be used for the Golf Course Staff.
- Professional Grounds Management Society.
- Developed training for full-time staff in how to interview candidates for seasonal positions.
- Staff attended trainings on the State's Model Water Efficiency Ordinance, American Society of Landscape Architects seminars, American Planning Association study sessions, CRPS member presentations on current ADA play area requirements and inclusive play, and several grant workshops.
- Two Planning Department representatives were elected to executive board positions for the local California Recreation and Park Society and American Society of Landscape Architects. A Department representative graduated from Leadership Rancho Cordova Leadership Class IX.
- CRPD was able to send 5 experienced lifeguards to Total Guard training as representatives of CRPD. This is a training used by most agencies in the area to learn emergency response, new ideas for staff training as well as other standards practiced in aquatics.

ECONOMIC OUTLOOK

- The latest data from CoreLogic show the median price for resale homes in Sacramento County approaching \$300,000. The last time it was that high was in the fall of 2007, after which prices fell by nearly half over the next five years.
- Experts caution, however, against thinking we're in another bubble. Area home prices are still far below the overinflated peak of August 2005, when the median sales price for an existing home in Sacramento County was \$374,000.
- Percentage change in median price from a year ago by ZIP code:
 - 95670(R.C., Gold River): +5%
 - 95655(Mather): -5%
 - 95826, 95827, 95608(Rosemont, Larchmont): +5%
 - 95742(Sunridge-Anatolia): +5%
 - Therefore, the district can expect an increased General Fund Tax Revenue of 5%.
- Economic Growth Data (SacBee)
 - The Sacramento region's economy grew 3.5 percent last year, the fastest increase since 2005, after adjusting for inflation, per new figures from the U.S. Bureau of Economic Analysis.
 - The government sector GDP grew by 2 percent, after adjusting for inflation. Even such modest expansion makes a difference in Sacramento, where government is the largest economic driver.

Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have any questions about this report, or need additional financial information, contact the Cordova Recreation and Park District, Finance Department, 2729 Prospect Park Drive, Suite 230, Rancho Cordova, CA 95670. Our telephone number is 916-362-1841.

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BASIC FINANCIAL STATEMENTS

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Cordova Recreation and Park District

Statement of Net Position

June 30, 2016

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 7,199,442	\$ 114,464	\$ 7,313,906
Restricted cash and investments	8,074,577	-	8,074,577
Receivables:			
Interest	39,110	-	39,110
Other	26,339	-	26,339
Internal balances	213,213	(213,213)	-
Other assets	196	-	196
Total current assets	<u>15,552,877</u>	<u>(98,749)</u>	<u>15,454,128</u>
Noncurrent assets:			
Capital assets, net	55,447,611	414,802	55,862,413
Total noncurrent assets	<u>55,447,611</u>	<u>414,802</u>	<u>55,862,413</u>
Total assets	<u>71,000,488</u>	<u>316,053</u>	<u>71,316,541</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - Pension plan	692,165	-	692,165
Total deferred outflows of resources	<u>692,165</u>	<u>-</u>	<u>692,165</u>
Total assets and deferred outflows of resources	<u>\$ 71,692,653</u>	<u>\$ 316,053</u>	<u>\$ 72,008,706</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,648,890	39,252	1,688,142
Accrued payroll	129,533	19,718	149,251
Deposits payable	11,294	4,213	15,507
Other liabilities	-	35,532	35,532
Compensated absences - current portion	26,418	1,938	28,356
Due within one year	186,365	-	186,365
Total current liabilities	<u>2,002,500</u>	<u>100,653</u>	<u>2,103,153</u>
Noncurrent liabilities:			
Long-term debt:			
Compensated absences	161,822	12,760	174,582
Net pension obligation	3,215,039	-	3,215,039
Due after one year	2,557,983	-	2,557,983
Total noncurrent liabilities	<u>5,934,844</u>	<u>12,760</u>	<u>5,947,604</u>
Total liabilities	<u>7,937,344</u>	<u>113,413</u>	<u>8,050,757</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension plan	1,199,061	-	1,199,061
Total deferred inflows of resources	<u>1,199,061</u>	<u>-</u>	<u>1,199,061</u>
NET POSITION			
Net investment in capital assets	52,703,263	414,802	53,118,065
Restricted	12,874,134	-	12,874,134
Unrestricted (Deficit)	(3,021,149)	(212,162)	(3,233,311)
Total net position	<u>62,556,248</u>	<u>202,640</u>	<u>62,758,888</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 71,692,653</u>	<u>\$ 316,053</u>	<u>\$ 72,008,706</u>

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

Cordova Recreation and Park District

Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
Community services/recreation:			
Salaries and benefits	\$ 5,147,602	\$ 1,419,793	\$ 42,294
Services and supplies	6,041,756	-	-
Interest	171,194	-	-
Total governmental activities	<u>\$ 11,360,552</u>	<u>\$ 1,419,793</u>	<u>\$ 42,294</u>
Business-type activities:			
Cordova golf	759,683	787,429	-
Total business-type activities:	<u>759,683</u>	<u>787,429</u>	<u>-</u>
Total primary government	<u>\$ 12,120,235</u>	<u>\$ 2,207,222</u>	<u>\$ 42,294</u>

General revenues:

Taxes:

 Property taxes

 Special assessments

 Developer fees

 Other general revenues

 Use of money and property

 Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

 Beginning

 End of year

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Tpe Activities	Total
\$ (3,685,515)	\$ -	\$ (3,685,515)
(6,041,756)	-	(6,041,756)
(171,194)	-	(171,194)
<u>(9,898,465)</u>	<u>-</u>	<u>(9,898,465)</u>
-	27,746	27,746
-	27,746	27,746
<u>(9,898,465)</u>	<u>27,746</u>	<u>(9,870,719)</u>
3,591,172	-	3,591,172
3,675,013	-	3,675,013
1,674,190	-	1,674,190
464,832	-	464,832
101,466	490	101,956
<u>9,506,673</u>	<u>490</u>	<u>9,507,163</u>
21,020	(21,020)	-
<u>9,527,693</u>	<u>(20,530)</u>	<u>9,507,163</u>
(370,772)	7,216	(363,556)
62,927,020	195,424	63,122,444
<u>\$ 62,556,248</u>	<u>\$ 202,640</u>	<u>\$ 62,758,888</u>

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FUND FINANCIAL STATEMENTS

Fund	Description
General Fund	This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists of general government type activities.
Sunridge Mello-Roos Special Revenue Fund	This special revenue fund is used for District salaries and maintenance of facilities and capital improvements funded by the Sunridge Assessment District.
Rancho Cordova Developer Fees Capital Projects Fund	This capital project fund accounts for developer fees collected by the City of Rancho Cordova, on the Districts behalf, which are legally restricted to expenditures for specific purposes. The City collects the fee with building permits and then passes through the money based on a memorandum of understanding with the Cordova Recreation and Park District, or per the District request.
General Capital Projects Fund	This fund accounts for financial resources used for investments of new construction build, improvements to existing infrastructure in parks and facilities, and capitalized equipment.
Debt Service	This fund was established for committed deposits to service principal and interest payments on general-long term obligations.

Cordova Recreation and Park District

Balance Sheet

Governmental Funds

June 30, 2016

	Major Funds		
	General Fund	Sunridge Mello-Roos Special Revenue Fund	Rancho Cordova Developer Fees Capital Projects Fund
ASSETS			
Cash and investments	\$ 1,624,562	\$ 4,773,055	\$ -
Restricted cash and investments	-	-	8,048,499
Receivables:			
Interest	34,402	-	-
Other receivable	-	25,973	366
Due from other funds	213,213	-	-
Total assets	\$ 1,872,177	\$ 4,799,028	\$ 8,048,865
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 557,626	\$ -	\$ -
Accrued liabilities	129,533	-	-
Due to other funds	-	-	-
Deposits payable	11,294	-	-
Compensated absences	26,418	-	-
Total liabilities	724,871	-	-
Fund balances:			
Restricted	-	4,799,028	8,048,865
Committed	968,767	-	-
Assigned	-	-	-
Unassigned (deficit)	178,539	-	-
Total fund balances	1,147,306	4,799,028	8,048,865
Total liabilities and fund balances	\$ 1,872,177	\$ 4,799,028	\$ 8,048,865

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

Major Funds				
General Capital Projects Fund		Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 46,991	\$ -	\$ 754,834	\$ 7,199,442	
-	-	26,078	8,074,577	
353	67	4,288	39,110	
-	-	-	26,339	
-	-	-	213,213	
<u>\$ 47,344</u>	<u>\$ 67</u>	<u>\$ 785,396</u>	<u>\$ 15,552,877</u>	
\$ 1,089,731	1,533	\$ -	\$ 1,648,890	
-	-	-	129,533	
-	-	-	-	
-	-	-	11,294	
-	-	-	26,418	
<u>1,089,731</u>	<u>1,533</u>	<u>-</u>	<u>1,816,135</u>	
-	-	26,241	12,874,134	
-	-	-	968,767	
-	-	759,155	759,155	
(1,042,387)	(1,466)	-	(865,314)	
<u>(1,042,387)</u>	<u>(1,466)</u>	<u>785,396</u>	<u>13,736,742</u>	
<u>\$ 47,344</u>	<u>\$ 67</u>	<u>\$ 785,396</u>	<u>\$ 15,552,877</u>	

Cordova Recreation and Park District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances - total governmental funds \$ 13,736,742

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 55,447,611

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	(161,822)	
Due within one year	(186,365)	
Due after one year	(2,557,983)	
Net pension liability	(3,215,039)	(6,121,209)

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows	692,165	
Deferred inflows	(1,199,061)	(506,896)

Net position of governmental activities **\$ 62,556,248**

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

Cordova Recreation and Park District

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2016

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Position
ASSETS				
Current assets:				
Cash and investments	\$ 7,199,442	\$ -	\$ -	\$ 7,199,442
Restricted cash and investments	8,074,577	-	-	8,074,577
Receivables (net)	65,449	-	-	65,449
Due from other funds	213,213	(213,213)	-	-
Internal balances	-	213,213	-	213,213
Total current assets	15,552,877	-	-	15,552,877
Noncurrent assets:				
Capital assets, net	-	-	55,447,611	55,447,611
Total noncurrent assets	-	-	55,447,611	55,447,611
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	-	-	692,165	692,165
Total assets and deferred outflows of resources	\$ 15,552,877	\$ -	\$ 56,139,776	\$ 71,692,653
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,648,890	\$ -	\$ -	\$ 1,648,890
Accrued liabilities	129,533	-	-	129,533
Deposits payable	11,294	-	-	11,294
Compensated absences	26,418	-	-	26,418
Due within one year	-	-	186,365	186,365
Total current liabilities	1,816,135	-	186,365	2,002,500
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences	-	-	161,822	161,822
Net pension obligation	-	-	3,215,039	3,215,039
Due after one year	-	-	2,557,983	2,557,983
Total noncurrent liabilities	-	-	5,934,844	5,934,844
Total liabilities	1,816,135	-	6,121,209	7,937,344
DEFERRED INFLOWS OF RESOURCES				
Pension Plan	-	-	1,199,061	1,199,061
Total liabilities and deferred inflows:	-	-	1,199,061	1,199,061
FUND BALANCES/NET POSITION				
Fund balances:				
Restricted	12,874,134	(12,874,134)	-	-
Assigned	759,155	(759,155)	-	-
Unassigned	(865,314)	865,314	-	-
Net position:				
Net investment in capital assets	-	-	52,703,263	52,703,263
Restricted	-	12,874,134	-	12,874,134
Unrestricted (Deficit)	-	862,608	(3,883,757)	(3,021,149)
Total fund balances/ net position	13,736,742	-	48,819,506	62,556,248
Total liabilities, deferred inflows, and net position	\$ 15,552,877	\$ -	\$ 56,139,776	\$ 71,692,653

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

Cordova Recreation and Park District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2016

	Major Funds		
	General Fund	Sunridge Mello-Roos Special Revenue Fund	Rancho Cordova Developer Fees Capital Projects Fund
REVENUES:			
Property taxes	\$ 3,591,172	\$ -	\$ -
Intergovernmental	42,294	-	-
Charges for services	1,419,793	-	-
Special assessments	-	1,700,115	-
Developer Fees	-	-	1,674,190
Use of money and property	53,870	42,060	-
Other revenues	464,832	-	-
Total revenues	5,571,961	1,742,175	1,674,190
EXPENDITURES:			
Current:			
Salaries and benefits	3,593,425	606,228	-
Services and supplies	3,750,025	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	7,343,450	606,228	-
REVENUES OVER (UNDER) EXPENDITURES	(1,771,489)	1,135,947	1,674,190
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of assets	-	-	-
Transfers in	1,276,845	-	-
Transfers out	-	(1,937,113)	-
Total other financing sources (uses)	1,276,845	(1,937,113)	-
Net change in fund balances	(494,644)	(801,166)	1,674,190
FUND BALANCES (DEFICIT):			
Beginning of year	1,641,950	5,600,194	6,374,675
End of year	<u>\$ 1,147,306</u>	<u>\$ 4,799,028</u>	<u>\$ 8,048,865</u>

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

Major Funds			
General Capital Projects Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 3,591,172
-	-	-	42,294
-	-	-	1,419,793
-	-	1,974,898	3,675,013
-	-	-	1,674,190
706	134	4,696	101,466
-	-	-	464,832
706	134	1,979,594	10,968,760
-	-	918,878	5,118,531
-	-	-	3,750,025
2,382,152	-	-	2,382,152
-	178,167	-	178,167
-	171,194	-	171,194
2,382,152	349,361	918,878	11,600,069
(2,381,446)	(349,227)	1,060,716	(631,309)
-	-	-	-
1,339,059	347,761	-	2,963,665
-	-	(1,005,532)	(2,942,645)
1,339,059	347,761	(1,005,532)	21,020
(1,042,387)	(1,466)	55,184	(610,289)
-	-	730,212	14,347,031
\$ (1,042,387)	\$ (1,466)	\$ 785,396	\$ 13,736,742

Cordova Recreation and Park District

Reconciliation of Fund Based Statements to Government-wide Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Fund Based Totals	Debt/ Compensated Absences	Depreciation	Capital Asset (Additions)/ Retirements	Pension Plan	Government- wide Totals
Governmental activities:						
Salaries and benefits	\$ 5,118,531	\$ (27,951)	\$ -	\$ -	\$ 57,022	\$ 5,147,602
Services and supplies	3,750,025	-	2,290,241	1,490	-	6,041,756
Capital outlay	2,382,152	-	-	(2,382,152)	-	-
Debt service/Interest	349,361	(178,167)	-	-	-	171,194
Total governmental activities	\$ 11,600,069	\$ (206,118)	\$ 2,290,241	\$ (2,380,662)	\$ 57,022	\$ 11,360,552

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

Cordova Recreation and Park District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2016

Net change in fund balances - total governmental funds	\$ (610,289)
---	---------------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 2,380,662	
Capital asset retirements	-	
Depreciation expense	<u>(2,290,241)</u>	90,421

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt principal payments	178,167
-------------------------	---------

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 governmental funds:

Change in pension expense	(57,022)
Change in long-term compensated absences	<u>27,951</u>

Change in net position of governmental activities	<u><u>\$ (370,772)</u></u>
--	-----------------------------------

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

Cordova Recreation and Park District

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - General Fund and Major Special Revenue Funds

For the year ended June 30, 2016

	General Fund			Variance w/Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
Property taxes	\$ 3,600,000	\$ 3,600,000	\$ 3,591,172	\$ (8,828)
Intergovernmental	-	-	42,294	42,294
Charges for services	1,686,000	1,686,000	1,419,793	(266,207)
Special assessments	-	-	-	-
Use of money and property	188,000	188,000	53,870	(134,130)
Other revenues	317,331	317,331	464,832	147,501
Total revenues	<u>5,791,331</u>	<u>5,791,331</u>	<u>5,571,961</u>	<u>(219,370)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	3,720,666	3,720,666	3,593,425	127,241
Services and supplies	3,365,412	3,365,412	3,750,025	(384,613)
Total expenditures	<u>7,086,078</u>	<u>7,086,078</u>	<u>7,343,450</u>	<u>(257,372)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,294,747)</u>	<u>(1,294,747)</u>	<u>(1,771,489)</u>	<u>(476,742)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	1,973,572	1,973,572	1,276,845	(696,727)
Transfers out	(693,970)	(693,970)	-	693,970
Total other financing sources (uses)	<u>1,279,602</u>	<u>1,279,602</u>	<u>1,276,845</u>	<u>(2,757)</u>
Net change in fund balances	<u>(15,145)</u>	<u>(15,145)</u>	<u>(494,644)</u>	<u>(479,499)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>1,641,950</u>	<u>1,641,950</u>	<u>1,641,950</u>	<u>-</u>
End of year	<u>\$ 1,626,805</u>	<u>\$ 1,626,805</u>	<u>\$ 1,147,306</u>	<u>\$ (479,499)</u>

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

Sunridge Mello-Roos Special Revenue Fund

Original Budget	Final Budget	Actual	Variance w/Final Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
1,701,500	1,701,500	1,700,115	(1,385)
35,000	35,000	42,060	7,060
-	-	-	-
<u>1,736,500</u>	<u>1,736,500</u>	<u>1,742,175</u>	<u>5,675</u>
636,240	636,240	606,228	30,012
-	-	-	-
<u>636,240</u>	<u>636,240</u>	<u>606,228</u>	<u>30,012</u>
<u>1,100,260</u>	<u>1,100,260</u>	<u>1,135,947</u>	<u>35,687</u>
-	-	-	-
21,928	21,928	-	(21,928)
<u>(2,833,840)</u>	<u>(2,833,840)</u>	<u>(1,937,113)</u>	<u>896,727</u>
<u>(2,811,912)</u>	<u>(2,811,912)</u>	<u>(1,937,113)</u>	<u>874,799</u>
(1,711,652)	(1,711,652)	(801,166)	910,486
<u>5,600,194</u>	<u>5,600,194</u>	<u>5,600,194</u>	<u>-</u>
<u>\$ 3,888,542</u>	<u>\$ 3,888,542</u>	<u>\$ 4,799,028</u>	<u>\$ 910,486</u>

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Cordova Recreation and Park District

Statement of Net Position

Cordova Golf

June 30, 2016

	<u>Cordova Golf</u>
ASSETS	
Current assets:	
Cash and investments	\$ 114,464
Total current assets	<u>114,464</u>
Noncurrent assets:	
Capital assets, net	<u>414,802</u>
Total assets	<u><u>\$ 529,266</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 58,970
Deposits payable	4,213
Due to other funds	213,213
Other liabilities	35,532
Current Portion- compensated absences	<u>1,938</u>
Total current liabilities	<u>313,866</u>
Noncurrent liabilities:	
Compensated absences	<u>12,760</u>
Total noncurrent liabilities	<u>12,760</u>
Total liabilities	<u>326,626</u>
Net Position:	
Net investment in capital assets	414,802
Unrestricted (Deficit)	<u>(212,162)</u>
Total net position	<u>202,640</u>
Total liabilities and net position	<u><u>529,266</u></u>

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

Cordova Recreation and Park District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Cordova Golf
For the year ended June 30, 2016

	Cordova Golf
OPERATING REVENUES:	
Green fees, cart rentals, and driving range fees	\$ 477,571
Concession fee	241,844
Pro shop sales and other	68,014
Total operating revenues	787,429
OPERATING EXPENSES:	
Maintenance, operations and administration	723,410
Depreciation	36,273
Total operating expenses	759,683
OPERATING INCOME (LOSS)	27,746
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	490
Total non-operating revenues (expenses), net	490
NET INCOME (LOSS) BEFORE TRANSFERS	28,236
Transfers in (out)	(21,020)
CHANGE IN NET POSITION	7,216
NET POSITION:	
Beginning of year	195,424
End of year	\$ 202,640

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

Cordova Recreation and Park District

Statement of Cash Flows

Cordova Golf

For the year ended June 30, 2016

	Cordova Golf
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 787,429
Cash payments to suppliers for goods and services	141,994
Cash payments to employees for services	(794,429)
Net cash used by operating activities	134,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in due to other funds	-
Transfers paid	(21,020)
Net cash provided by noncapital financing activities	(21,020)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	-
Net cash (used) by capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income received	490
Net cash provided by investing activities	490
Net increase (decrease) in cash and cash equivalents	114,464
CASH AND CASH EQUIVALENTS:	
Beginning of year	-
End of year	\$ 114,464
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Operating income (loss)	\$ 27,746
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	36,273
(Increase) decrease in current assets:	
Other assets	-
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	39,238
Deposits payable	257
Other liabilities	35,532
Compensated absences	(4,052)
Net cash used by operating activities	\$ 134,994

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

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NOTES TO BASIC FINANCIAL STATEMENTS

**Cordova Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016**

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 – Summary of Significant Accounting Policies	39
Note 2 – Cash and Investments	49
Note 3 – Capital Assets	51
Note 4 – Accounts Payable and Accrued Liabilities	52
Note 5 – Long-term Liabilities	53
Note 6 – Net Position/ Fund Balances	54
Note 7– Interfund Transactions	55
Note 8 – Risk Management	56
Note 9 – Public Employees’ Retirement System	57
Note 10 – Contingencies	63
Note 11 – Litigation	63
Note 12 – New Accounting Pronouncements	63

Cordova Recreation and Park District
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District was organized by a vote of the public. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Sacramento County Board of Supervisors, its financial activities are processed through the County Auditor-Controller's Office.

In addition to providing recreational programs to the community, the District maintains park sites and operates a course. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies:

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below.

Financial Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability.

A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based upon the aforementioned oversight criteria, the following are component units:

The Sunridge Mello-Roos Assessment District is included as a special revenue fund of the District.

The Villages of Zinfandel, Communities Facilities District is included as a special revenue fund of the District.

Independence at Mather, Lighting and Landscape District is included as a special revenue fund of the District.

The Cordova Maintenance Assessment District is included as a special revenue fund of the District

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Governmental Funds

The following are the District's major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

The Sunridge Mello-Roos Assessment District – This special revenue fund is used for District salaries and maintenance of facilities and capital improvements funded by the Sunridge Assessment District.

City of Rancho Cordova Developer Fees – This capital project fund accounts for developer fees collected by the City of Rancho Cordova, on the Districts behalf, which are legally restricted expenditures for specific purposes. The City collects the fee with building permits and then expends the money based on a memorandum of understanding with the Cordova Recreation and Park District, or per the District request.

The District reports the following major enterprise fund:

Cordova Golf Fund – Accounts for the operation of the District owned and operated golf course. Customers pay green fees to use the golf course. The golf course also sells golf equipment, rents golf carts and sells range balls to be used on the driving range.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Position, which serves as an indicator of financial position.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

When applicable, the District reports deferred inflows on its combined balance sheet. Deferred inflows arise when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, deferred inflows are removed from the combined balance sheet and revenue is recognized.

Assets, Liabilities, and Equity

Cash 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.

The District pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 7 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, transient taxes, franchise taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, transient tax, franchise tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The District’s experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Inventories

The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the District has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the governmental activities and business-type activities columns of the government-wide financial statements. Capital assets include land, buildings and site improvements and equipment and machinery. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Capital Assets, continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

Buildings	30 years
Building improvements	10 – 20 years
Site improvements	10 – 20 years
Equipment and machinery	5 – 20 years

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of compensated absences and a capital lease are presented as intangible assets and amortized on a straight-line basis over the life of the debt in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The District's policies regarding vacation time and compensatory time permit employees to accumulate earned but unused leave, up to limits established by individual employee bargaining units. This debt is estimated based on historical trend analysis, the current portion of which is reported in the General Fund, the remaining balance is shown in the government-wide financial statements.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has only has one item that qualifies for reporting in this category. It is the deferred charge on pension plan contributions on the statement of net position.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Deferred outflows/inflows of resources, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item reported as a deferred inflow of resources. The deferred inflow our resources is the net difference between projected and actual earnings on pension plan investments and is reported on the statement of net position.

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “*net investment in capital assets.*”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as restricted or unrestricted as provided in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the District:

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of restricted fund balance (surplus).
- Excess of restricted fund balance over total fund balance (deficit).

Revenues, Expenditures, and Expenses

Property Tax

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities in accordance with statutory regulations.

The District receives property taxes from the County of Sacramento, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. The secured property taxes are assessed on July 1 and the lien date is January 1. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Stewardship, Compliance, and Accountability

It is the District's policy to adopt annual budgets. The District Board may amend the budget by motion during the fiscal year. The District Manager is authorized to transfer budgeted amounts within any single fund. However, any revisions that alter total expenditures of any fund must be approved by the District Board.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Stewardship, Compliance, and Accountability, Continued

Budget information is presented for governmental fund types on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget and all approved budget amendments.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Public meetings are conducted to obtain public comments. The District Board annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary Fund Types.
3. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, based on the calculations by District Management, proceeds of taxes did not exceed the appropriations limit.
4. Budgeted appropriations for the various governmental funds become effective each July 1st.

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, liabilities, revenues and expenses. Actual results could differ from those estimates.

Implementation of GASB Statements 68 and 71 related to Pension Plans

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Implementation of GASB Statements 68 and 71 related to Pension Plans, Continued

In addition, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions". The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

In implementing these Statements, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the District's prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Comparative Data

Comparative data for the prior year has been presented in the accompanying Management, Discussion, and Analysis in order to provide an understanding of changes in the government's financial position and operations.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

At June 30, 2016, the District's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	<1 year	1 to 5 years	Total
Cash in bank	\$ 398,357	\$ -	\$ 398,357
Petty cash	200	-	200
Cash and investments with the City of Rancho Cordova	8,048,499	-	8,048,499
Cash and investments with the County Treasurer	6,941,427	-	6,941,427
Total cash and investments	<u>\$ 15,388,483</u>	<u>\$ -</u>	<u>\$ 15,388,483</u>
	Governmental	Business-type	
	Activities	Activities	Total
<u>Presentation in Statement of Financial Position:</u>			
Cash and investments	\$ 7,199,442	\$ 114,464	\$ 7,313,906
Restricted cash and investments	8,074,577	-	8,074,577
	<u>\$ 15,274,019</u>	<u>\$ 114,464</u>	<u>\$ 15,388,483</u>

Amounts shown as restricted for governmental activities represent fiscal agent accounts used only for the claims and the repayment of short-term and long-term debt.

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code of the District's investment policy. During the year ended June 30, 2016, the District's permissible investments included the following instruments:

Investments in External Investment Pools

The District's investments with the County at June 30, 2016, included a portion of the pool funds invested in US Agency, Treasury & Municipal Notes, Commercial Paper, Certificates of Deposit, LAIF/Money Market Funds, and Repurchase Agreements.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Repurchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

Interest rate risk – In accordance with its investment policy, the District manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years.

Credit risk – As of June 30, 2016, the District’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and AAA by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

Concentration of credit risk – The District’s investment policy does not allow for any non-governmental investments in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the District Treasurer are limited to those allowable under State statutes as incorporated into the District’s Investment Policy, which is accepted annually by the District Board. There were no concentrations in any one issuer for the year.

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2016, the balances in financial institutions were \$336,646. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2016, the District’s investments were held by the District’s custodial agent, but not in the District’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the District, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Adjustments/ Reclassifications	Balance June 30, 2016
<u>Governmental activities:</u>					
Nondepreciable assets:					
Land	\$ 18,825,793	\$ -	\$ -	\$ -	\$ 18,825,793
Construction in progress	443,931	2,380,662	-	(18,622)	2,805,971
Total nondepreciable assets	<u>19,269,724</u>	<u>2,380,662</u>	<u>-</u>	<u>(18,622)</u>	<u>21,631,764</u>
Depreciable assets:					
Buildings and improvements	20,477,839		-	-	20,477,839
Site improvements	37,563,492	-	-	18,622	37,582,114
Equipment	2,129,466		-	-	2,129,466
Total depreciable assets	<u>60,170,797</u>	<u>-</u>	<u>-</u>	<u>18,622</u>	<u>60,189,419</u>
Total	<u>79,440,521</u>	<u>2,380,662</u>	<u>-</u>	<u>-</u>	<u>81,821,183</u>
Accumulated depreciation:					
Buildings and improvements	(5,925,891)	(614,526)	-	-	(6,540,417)
Site improvements	(16,213,690)	(1,613,790)	-	-	(17,827,480)
Equipment	(1,943,750)	(61,925)	-	-	(2,005,675)
Total accumulated depreciation	<u>(24,083,331)</u>	<u>(2,290,241)</u>	<u>-</u>	<u>-</u>	<u>(26,373,572)</u>
Net depreciable assets	<u>36,087,466</u>	<u>(2,290,241)</u>	<u>-</u>	<u>18,622</u>	<u>33,815,847</u>
Total net capital assets	<u>\$ 55,357,190</u>	<u>\$ 90,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,447,611</u>

Depreciation expense for governmental activities was charged to the services and supplies function for \$2,290,241.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. CAPITAL ASSETS, Continued

Capital asset activity for business-type activities for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Business-type activities:</u>				
Nondepreciable assets:				
Land	\$ 240,438	\$ -	\$ -	\$ 240,438
Construction in progress	-	-	-	-
Total nondepreciable assets	<u>240,438</u>	<u>-</u>	<u>-</u>	<u>240,438</u>
Depreciable assets:				
Buildings and improvements	378,261	-	-	378,261
Site improvements	734,280	-	-	734,280
Equipment	772,524	-	-	772,524
Total depreciable assets	<u>1,885,065</u>	<u>-</u>	<u>-</u>	<u>1,885,065</u>
Total	<u>2,125,503</u>	<u>-</u>	<u>-</u>	<u>2,125,503</u>
Accumulated depreciation:				
Buildings and improvements	(346,018)	(3,895)	-	(349,913)
Site improvements	(585,381)	(21,608)	-	(606,989)
Equipment	(743,029)	(10,770)	-	(753,799)
Total accumulated depreciation	<u>(1,674,428)</u>	<u>(36,273)</u>	<u>-</u>	<u>(1,710,701)</u>
Net depreciable assets	<u>210,637</u>	<u>(36,273)</u>	<u>-</u>	<u>174,364</u>
Total net capital assets	<u>\$ 451,075</u>	<u>\$ (36,273)</u>	<u>\$ -</u>	<u>\$ 414,802</u>

Depreciation expense for the Cordova Golf Course capital assets was \$36,273 for the year ended June 30, 2016.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 1,647,357	\$ 39,252	\$ 1,686,609
Accrued payroll	<u>129,533</u>	<u>19,718</u>	<u>149,251</u>
Total	<u>\$ 1,776,890</u>	<u>\$ 58,970</u>	<u>\$ 1,835,860</u>

These amounts resulted in the following concentrations in payables:

Vendors 92% Employees 8%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Compensated absences	\$ 219,292	\$ -	\$ 31,052	\$ 188,240	\$ 27,951
Capital Lease	2,922,515	-	178,167	2,744,348	186,365
Net pension obligation	3,357,953	-	142,914	3,215,039	-
Total	<u>\$ 6,499,760</u>	<u>\$ -</u>	<u>\$ 352,133</u>	<u>\$ 6,147,627</u>	<u>\$ 214,316</u>
Business-type activities:					
Compensated absences	\$ 18,750	\$ -	\$ 4,052	\$ 14,698	\$ 1,938
Total	<u>\$ 18,750</u>	<u>\$ -</u>	<u>\$ 4,052</u>	<u>\$ 14,698</u>	<u>\$ 1,938</u>

Compensated Absences

The District recognizes the accumulated unpaid employee vacation and vested sick leave benefits as a liability and the long-term portion is recorded as compensated absences in the government-wide statement of net position. The current portion, if any, is also recorded in the fund financial statement in the general fund.

Capital Lease

The District entered into a lease agreement dated June 1, 2008 as lessee for financing a portion of the cost of various recreation facilities including improvements at the Mather Sports Complex. The District is using Tuscany and Sonoma Parks as collateral for the site lease. The amount borrowed for the purposes described above was \$4,000,000 less cost of issuance of \$10,000. All Points Public Funding, LLC is acting as the lessor. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has also been recorded at the present value of future minimum lease payments as of the inception date in the government-wide financial statements. The lease term is twenty years with an interest rate of 4.55%.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

5. LONG-TERM LIABILITIES, Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year Ending June 30,	Capital Lease for Mather Sports Center Complex	
	Principal	Interest
2017	\$ 186,365	\$ 122,772
2018	194,941	114,196
2019	203,912	105,225
2020	213,296	95,841
2021	223,111	86,026
2022-2026	1,279,342	266,345
2027-2028	443,381	20,325
Total	<u>\$ 2,744,348</u>	<u>\$ 810,730</u>
Due within one year	\$ 186,365	\$ 122,772
Due after one year	2,557,983	687,958
Total	<u>\$ 2,744,348</u>	<u>\$ 810,730</u>

6. NET POSITION/ FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities
Net investment in capital assets	\$ 52,703,263	\$ 414,802
Restricted:		
Sunridge Mello-Roos	4,799,028	
Rancho Cordova Developer fees	8,048,865	
Sacramento County Developer In-Lieu Fees	<u>26,241</u>	
Total Restricted	12,874,134	
Unrestricted deficit	<u>(3,021,149)</u>	<u>(212,162)</u>
Total	<u>\$ 62,556,248</u>	<u>\$ 202,640</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. NET POSITION/ FUND BALANCES, Continued

Fund Balance

Restricted and committed fund balances consisted of the following at June 30, 2016:

Restricted:	
Governmental Funds:	
Sunridge Mello-Roos	\$ 4,799,028
Rancho Cordova Developer fees	8,048,865
Sacramento County Developer In-Lieu Fees	26,241
Total Restricted	<u><u>12,874,134</u></u>
Committed:	
Governmental Funds:	
General Fund - Cordova Community Pool Project	<u>\$ 968,767</u>
Total Committed:	<u><u>\$ 968,767</u></u>

The following describe the purpose of each restricted and committed category used by the District:

Restricted

- **Sunridge Mello-Roos** represents amounts authorized for services including maintenance of parks, parkways, open space, long-term capital replacement of facilities, and administrative expenses restricted within the boundary of the Sunridge Specific Plan: Anatolia I, Anatolia II, Anatolia III and Sunridge Park.
- **Rancho Cordova Developer fees** represents amounts collected by the City of Rancho Cordova, on the District's behalf, which are legally restricted to expenditures for specific park related projects and purposes with the City of Rancho Cordova city boundary limits.
- **Sacramento County Developer In-Lieu Fees** represents amounts restricted to capital improvement expenses relating to the unincorporated park land.

Committed

- **Cordova Community Pool Project** represents amounts set aside by the District's Board of Director's for the renovation of a community pool.

7. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

7. INTERFUND TRANSACTIONS, Continued

Due to and due from other funds consisted of the following as of June 30, 2016:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 213,213	\$ -
Total Major Funds	<u>213,213</u>	<u>-</u>
Total Governmental Funds	<u>213,213</u>	<u>-</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Cordova Golf	-	213,213
Major Enterprise Funds	<u>-</u>	<u>213,213</u>
Total	<u><u>\$ 213,213</u></u>	<u><u>\$ 213,213</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers consisted of the following at June 30, 2016:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 1,276,845	
Sunridge Mello-Roos	-	1,937,113
General Capital Projects	1,339,059	
Debt Service	347,761	
Total Major Funds	<u>2,963,665</u>	<u>1,937,113</u>
Nonmajor Funds:		
Special Revenue Funds:		
Villages of Zinfandel CFD	-	403,581
Landscape & Lighting District	-	87,406
Maintenance Assessment District		510,357
Cordova Shooting Center	-	824
Montelena Assesment District		3,364
Total Nonmajor Funds	<u>-</u>	<u>1,005,532</u>
Total Governmental Funds	<u>2,963,665</u>	<u>2,942,645</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Cordova Golf	-	21,020
Major Enterprise Funds	<u>-</u>	<u>21,020</u>
Total	<u><u>\$ 2,963,665</u></u>	<u><u>\$ 2,963,665</u></u>

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry California Association For Park And Recreation Insurance (CAPRI), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The District pays an annual premium to CAPRI for its general insurance coverage. Furthermore the District carries workers compensation coverage with other districts in the State through CAPRI. Membership in the California Association of Recreation and Park Districts is required when applying for CAPRI.

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies for general and automobile liability excess claims and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible occurrence payable by the District. Financial statements for CAPRI are available at the District's office for fiscal year ending June 30, 2016.

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

A. General Information about the Pension Plans

Plan Descriptions - All qualified full-time employees are eligible to participate in the District's Miscellaneous First Tier Plan and Miscellaneous PEPR Plan (The Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

A. General Information about the Pension Plans, Continued

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Plan	
	First Tier	PEPRA
	Prior to	On or after January
Hire date	January 1, 2013	1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	26.62%	6.7%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	
	First Tier	PEPRA
Contributions - employer	\$ 464,997	\$ 62,268
Contributions - employee (paid employer)	-	-

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous First Tier	\$ 3,217,071
Miscellaneous PEPRA	(2,032)
Total Net Pension Liability	<u>\$ 3,215,039</u>

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2015 was as follows:

	Miscellaneous	
	First Tier	PEPRA
Proportion - June 30, 2015	0.11726%	-0.000074%

For the year ended June 30, 2016, the District recognized pension expense of \$57,022. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions paid to CalPERS subsequent to measurement date	\$ 524,196	\$ -
Differences between actual and expected economic experience	33,794	-
Changes in assumptions	-	319,720
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	(685,328)	675,603
Net differences between projected and actual earnings on plan investments	819,503	203,738
Total	<u>\$ 692,165</u>	<u>\$ 1,199,061</u>

\$524,196 reported as deferred outflows of resources related to contributions subsequent to the measurement date and other contribution differences, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (489,703)
2017	(489,703)
2018	(445,021)
2019	448,224
2020	-
Thereafter	-

Actuarial Assumptions -The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.50% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Year 11+ ²
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Miscellaneous - First Tier	5,395,253	3,217,071	1,418,729
Miscellaneous PEPRA	(3,408)	(2,032)	(896)

Pension Plan Fiduciary Net Position -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plans - At June 30, 2016, the District reported a payable of \$27,174 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

10. CONTINGENCIES

The District participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, some amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the District.

11. LITIGATION

The District is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the District Attorney, these actions, when finally adjudicated, do not appear to have a materially adverse effect on the financial condition of the District.

12. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "Fair Value Measurement and Application". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans", and Statement 68 for pension plans and pensions that are within their respective scopes.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

12. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The requirements of this Statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2017, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016.

The GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017.

The GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

Cordova Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

12. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016, and should be applied retroactively.

The GASB has issued Statement No. 77, “Tax Abatement Disclosures”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION

Cordova Recreation and Park District

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 464,997	\$ 444,627
Contributions in relation to the actuarially determined contributions	<u>(464,997)</u>	<u>(444,627)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,305,688	\$ 2,113,812
Contribution as a percentage of covered-employee payroll	8.76%	21.03%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

Cordova Recreation and Park District

Required Supplementary Information - Schedule of Contributions

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 62,268	\$ 41,519
Contributions in relation to the actuarially determined contributions	<u>(62,268)</u>	<u>(41,519)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 710,493	\$ 42,160
Contribution as a percentage of covered-employee payroll	8.76%	98.48%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

Cordova Recreation and Park District

Required Supplementary Information - Schedule of the District's Proportionate

Share of the Net Pension Liability

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.11726%	0.05396%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,217,071	\$ 3,357,878
Plan's Covered-Employee Payroll	\$ 5,305,688	\$ 2,113,812
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	60.63%	158.85%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.36%	69.69%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 595,816	\$ 208,773

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

Cordova Recreation and Park District

Required Supplementary Information - Schedule of the District's Proportionate Share of the Net Pension Liability

PEPRA Plan

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.000074%	0.000000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (2,032)	\$ 75
Plan's Covered-Employee Payroll	\$ 710,493	\$ 42,160
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.29%	0.18%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.97%	82.89%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 79,787	\$ 10

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Villages of Zinfandel, Communities Facilities District	Services to be funded by the collection of Special Assessment Taxes which include – maintenance, repair, replacement, utility costs and vandalism to public parkways, public parks, open space, landscape setbacks, bike paths and landscaped medians located within the CFD boundaries.
Mather Landscape & Lighting District	Services to be funded by the collection of Special Assessment Taxes which include – maintenance and landscaping of public parks and recreation facilities including labor costs, utilities and contractual services for materials and services pertaining to servicing of the public parks and recreational facilities within the LLD boundaries.
Cordova Maintenance Assessment District, Park Maintenance and Recreation	Services to be funded by the collection of Special Assessment Taxes which include – maintenance and landscaping of public parks and recreation facilities including labor costs, utilities and contractual services for materials and services pertaining to servicing of the public parks and recreational facilities within the PMRID District boundaries. Specifically the installation, maintenance and servicing of public areas and public facilities, park grounds, park facilities, landscaping, natural lands, open space, corridors, ground cover, shrubs and trees, street frontages, irrigation systems, playground equipment, hard-court areas, senior and community centers, restrooms, drainage systems, lighting, fencing, entry monuments and signage, basketball courts, tennis courts, running tracks, swimming pools, security patrols and graffiti removal.
Sacramento County Developer In-Lieu Fees	Collection of developer funds in-lieu of land that would normally be required to be provided due to development within the unincorporated areas of the District.
Cordova Shooting Center	Established fund which collects a fee from participants (shooters) at the Cordova Shooting Range. The funds will be used for lead-abatement should the facility be repurposed in the future.
Montelena Assessment District	Services to be funded by the collection of Special Assessment Taxes which include – maintenance, repair, replacement, utility costs and vandalism to public parkways, public parks, open space, and landscape setbacks located within the CFD boundaries.

Cordova Recreation and Park District

Combining Balance Sheet

Non-major Special Revenue Funds

June 30, 2016

	Special Revenue Funds			
	Villages of Zinfandel CFD	Mather Landscape & Lighting District	Cordova Maintenance Assessment District	Sacramento County Developer In-Lieu Fees
ASSETS				
Cash and investments	\$ 211,776	\$ 133,730	\$ 13,127	\$ -
Restricted cash and investments	-	-	-	26,078
Receivables:				
Interest	932	589	692	163
Other assets	-	196	-	-
Total assets	\$ 212,708	\$ 134,515	\$ 13,819	\$ 26,241
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund Balances:				
Restricted	-	-	-	26,241
Assigned	212,708	134,515	13,819	-
Total fund balances	212,708	134,515	13,819	26,241
Total liabilities and fund balances	\$ 212,708	\$ 134,515	\$ 13,819	\$ 26,241

Cordova Shooting Center	Montelena Assessment District	Totals
\$ 370,367	\$ 25,834	\$ 754,834
-	-	26,078
1,727	185	4,288
-	-	196
<u>\$ 372,094</u>	<u>\$ 26,019</u>	<u>\$ 785,396</u>
\$ -	\$ -	\$ -
-	-	-
-	-	26,241
372,094	26,019	759,155
372,094	26,019	785,396
<u>\$ 372,094</u>	<u>\$ 26,019</u>	<u>\$ 785,396</u>

Cordova Recreation and Park District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the year ended June 30, 2016

	Special Revenue Funds			
	Villages of Zinfandel CFD	Mather Landscape & Lighting District	Cordova Maintenance Assessment District	Sacramento County Developer In-Lieu Fees
REVENUES:				
Special assessments	\$ 807,688	\$ 193,315	\$ 910,167	\$ -
Use of money and property	1,134	840	(168)	125
Total revenues	<u>808,822</u>	<u>194,155</u>	<u>909,999</u>	<u>125</u>
EXPENDITURES:				
Current:				
Salaries and benefits	394,527	50,460	445,053	-
Total expenditures	<u>394,527</u>	<u>50,460</u>	<u>445,053</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>414,295</u>	<u>143,695</u>	<u>464,946</u>	<u>125</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(403,581)	(87,406)	(510,357)	-
Total other financing sources and uses	<u>(403,581)</u>	<u>(87,406)</u>	<u>(510,357)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	10,714	56,289	(45,411)	125
FUND BALANCES:				
Beginning of year	201,994	78,226	59,230	26,116
End of year	<u>\$ 212,708</u>	<u>\$ 134,515</u>	<u>\$ 13,819</u>	<u>\$ 26,241</u>

Cordova Shooting Center	Montelena Assessment District	Totals
\$ 63,728	\$ -	\$ 1,974,898
2,395	370	4,696
66,123	370	1,979,594
-	28,838	918,878
-	28,838	918,878
66,123	(28,468)	1,060,716
-	-	-
(824)	(3,364)	(1,005,532)
(824)	(3,364)	(1,005,532)
65,299	(31,832)	55,184
306,795	57,851	730,212
\$ 372,094	\$ 26,019	\$ 785,396

Cordova Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Villages of Zinfandel, Community Facilities District Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 807,000	\$ 807,000	\$ 807,688	\$ 688
Use of money and property	-	-	1,134	1,134
Total revenues	807,000	807,000	808,822	1,822
EXPENDITURES:				
Current:				
Salaries and benefits	397,650	397,650	394,527	3,123
Total expenditures	397,650	397,650	394,527	3,123
REVENUES OVER (UNDER) EXPENDITURES	409,350	409,350	414,295	4,945
OTHER FINANCING SOURCES (USES):				
Transfers in	125,300	125,300	-	(125,300)
Transfers out	(491,650)	(491,650)	(403,581)	88,069
Total other financing sources (uses)	(366,350)	(366,350)	(403,581)	(37,231)
Net change in fund balances	43,000	43,000	10,714	(32,286)
FUND BALANCES:				
Beginning of year	201,994	201,994	201,994	-
End of year	\$ 244,994	\$ 244,994	\$ 212,708	\$ (32,286)

Cordova Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Mather Landscape & Lighting District Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 193,400	\$ 193,400	\$ 193,315	\$ (85)
Use of money and property	-	-	840	840
Total revenues	193,400	193,400	194,155	755
EXPENDITURES:				
Current:				
Salaries and benefits	85,982	85,892	50,460	35,432
Total expenditures	85,982	85,892	50,460	35,432
REVENUES OVER (UNDER) EXPENDITURES	107,418	107,508	143,695	36,187
OTHER FINANCING SOURCES (USES):				
Transfers out	(106,196)	(106,196)	(87,406)	18,790
Total other financing sources (uses)	(106,196)	(106,196)	(87,406)	18,790
Net change in fund balances	1,222	1,312	56,289	54,977
FUND BALANCES:				
Beginning of year	78,226	78,226	78,226	-
End of year	\$ 79,448	\$ 79,538	\$ 134,515	\$ 54,977

Cordova Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Cordova Maintenance Assessment District Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 889,400	\$ 889,400	\$ 910,167	\$ 20,767
Use of money and property	-	-	(168)	(168)
Total revenues	889,400	889,400	909,999	20,599
EXPENDITURES:				
Current:				
Salaries and benefits	488,506	488,506	445,053	43,453
Total expenditures	488,506	488,506	445,053	43,453
REVENUES OVER (UNDER) EXPENDITURES	400,894	400,894	464,946	64,052
OTHER FINANCING SOURCES (USES):				
Transfers in	183,620	183,620	-	(183,620)
Transfers out	(582,114)	(582,114)	(510,357)	71,757
Total other financing sources (uses)	(398,494)	(398,494)	(510,357)	(111,863)
Net change in fund balances	2,400	2,400	(45,411)	(47,811)
FUND BALANCES (Deficit):				
Beginning of year	59,230	59,230	59,230	-
End of year	\$ 61,630	\$ 61,630	\$ 13,819	\$ (47,811)

Cordova Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Sacramento County Developer In-Lieu Fees Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 125	\$ 125
Total revenues	-	-	125	125
EXPENDITURES:				
Current:				
Services and supplies	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	125	125
Net change in fund balances	-	-	125	125
FUND BALANCES:				
Beginning of year	26,116	26,116	26,116	-
End of year	\$ 26,116	\$ 26,116	\$ 26,241	\$ 125

Cordova Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Cordova Shooting Center Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 65,000	\$ 65,000	\$ 63,728	\$ (1,272)
Use of money and property	-	-	2,395	2,395
Total revenues	65,000	65,000	66,123	1,123
EXPENDITURES:				
Current:				
Services and supplies	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	65,000	65,000	66,123	1,123
OTHER FINANCING SOURCES (USES):				
Transfers out	(21,000)	(21,000)	(824)	20,176
Total other financing sources (uses)	(21,000)	(21,000)	(824)	20,176
Net change in fund balances	44,000	44,000	65,299	21,299
FUND BALANCES:				
Beginning of year	306,795	306,795	306,795	-
End of year	<u>\$ 350,795</u>	<u>\$ 350,795</u>	<u>\$ 372,094</u>	<u>\$ 21,299</u>

Cordova Recreation and Park District

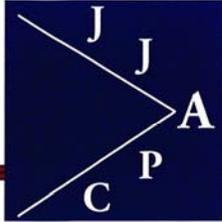
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Montelena Assessment District

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 370	\$ 370
Total revenues	-	-	370	370
EXPENDITURES:				
Current:				
Salaries and benefits	28,838	28,838	28,838	-
Total expenditures	28,838	28,838	28,838	-
REVENUES OVER (UNDER) EXPENDITURES	(28,838)	(28,838)	(28,468)	370
OTHER FINANCING SOURCES (USES):				
Transfers out	(28,900)	(28,900)	(3,364)	25,536
Total other financing sources (uses)	(28,900)	(28,900)	(3,364)	25,536
Net change in fund balances	(57,738)	(57,738)	(31,832)	25,906
FUND BALANCES (Deficit):				
Beginning of year	57,851	57,851	57,851	-
End of year	\$ 113	\$ 113	\$ 26,019	\$ 25,906

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors of the
Cordova Recreation and Park District
Rancho Cordova, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cordova Recreation and Park District, California (District) as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 4, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the District Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

May 4, 2017

JJACPA, Inc.
JJACPA, INC.
Dublin, CA