

**SPRECKELS MEMORIAL DISTRICT**

**FINANCIAL STATEMENTS**

**With**

**Independent Auditor's Report Thereon**

**JUNE 30, 2021 AND 2020**

**SPRECKELS MEMORIAL DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Basic Financial Statements	
Governmental Fund Balance Sheet and Statement of Net Position.....	3-4
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance — Statement of Activities.....	5-6
Notes to Basic Financial Statements.....	7-15
Required Supplementary Information	
Governmental Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual – June 30, 2021 .....	16
Governmental Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual – June 30, 2020 .....	17

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Spreckels Memorial District  
Spreckels, California

We were engaged to audit the accompanying financial statements of the Spreckels Memorial District (the District) as of and for the years ended June 30, 2021 and 2020 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. 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 assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

To the Board of Directors  
Spreckels Memorial District  
Spreckels, California

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities and major funds of the Spreckels Memorial District as of June 30, 2021 and 2020 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16-17 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.

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

Fechter & Company  
Certified Public Accountants



The image shows a handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California  
August 22, 2022

**SPRECKELS MEMORIAL DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET  
AND STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 258,475	\$ -	\$ 258,475
Accounts receivable	178,552	-	178,552
Prepaid expenses	-	-	-
Capital assets, net of accumulated depreciation	-	306,447	306,447
<b>TOTAL ASSETS</b>	<b>437,027</b>	<b>306,447</b>	<b>743,474</b>
<b>LIABILITIES</b>			
Accounts payable	54,724	-	54,724
Payroll liabilities	7,735	-	7,735
Other liabilities	7,700	-	7,700
<b>TOTAL LIABILITIES</b>	<b>70,159</b>	<b>-</b>	<b>70,159</b>
<b>FUND BALANCES/NET POSITION</b>			
<b>FUND BALANCES</b>			
Designated for:			
Unassigned	366,868	(366,868)	-
Total Fund Balances	<u>366,868</u>	<u>(366,868)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 437,027</u></b>		<b>70,159</b>
<b>NET POSITION</b>			
Net investment in capital assets		306,447	306,447
Unrestricted		366,868	366,868
<b>TOTAL NET POSITION</b>		<b><u>\$ 673,315</u></b>	<b><u>\$ 673,315</u></b>

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

**SPRECKELS MEMORIAL DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET  
AND STATEMENT OF NET POSITION  
JUNE 30, 2020**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 241,797	\$ -	\$ 241,797
Accounts receivable	600	-	600
Prepaid expenses	-	-	-
Capital assets, net of accumulated depreciation	-	282,143	282,143
	242,397	282,143	524,540
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Payroll liabilities	6,331	-	6,331
Other liabilities	8,800	-	8,800
	15,131	-	15,131
<b>TOTAL LIABILITIES</b>			
<b>FUND BALANCES/NET POSITION</b>			
<b>FUND BALANCES</b>			
Designated for:			
Unassigned	227,266	(227,266)	-
Total Fund Balances	227,266	(227,266)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 242,397</b>		<b>15,131</b>
<b>NET POSITION</b>			
Net investment in capital assets		282,143	282,143
Unrestricted		227,266	227,266
<b>TOTAL NET POSITION</b>		<b>\$ 509,409</b>	<b>\$ 509,409</b>

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

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

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property taxes	\$ 237,421	\$ -	\$ 237,421
Special assessments	44,573	-	44,573
Rental income	1,200	-	1,200
Donations	177,952	-	177,952
Special event income	-	-	-
Interest on pooled investments	2,230	-	2,230
<b>TOTAL REVENUES</b>	<u>463,376</u>	<u>-</u>	<u>463,376</u>
<b>EXPENDITURES</b>			
Salaries and employee benefits	89,654	-	89,654
General and administration expenses	19,825	-	19,825
Utilities	47,708	-	47,708
Maintenance and repairs	40,852	-	40,852
Insurance	8,758	-	8,758
Park expense	43,201	-	43,201
Capital outlay	72,129	(72,129)	-
Depreciation	-	47,825	47,825
Special event expenses	1,647	-	1,647
<b>TOTAL EXPENDITURES</b>	<u>323,774</u>	<u>(24,304)</u>	<u>299,470</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	139,602	24,304	163,906
<b>FUND BALANCE/NET POSITION, BEGINNING OF YEAR</b>	<u>227,266</u>	<u>282,143</u>	<u>509,409</u>
<b>FUND BALANCE/NET POSITION, END OF YEAR</b>	<u><u>\$ 366,868</u></u>	<u><u>\$ 306,447</u></u>	<u><u>\$ 673,315</u></u>

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

**SPRECKELS MEMORIAL DISTRICT**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property taxes	\$ 224,035	\$ -	\$ 224,035
Special assessments	45,354	-	45,354
Rental income	17,740	-	17,740
Special event income	17,179	-	17,179
Interest on pooled investments	4,474	-	4,474
<b>TOTAL REVENUES</b>	<b>308,782</b>	<b>-</b>	<b>308,782</b>
<b>EXPENDITURES</b>			
Salaries and employee benefits	83,449	-	83,449
General and administration expenses	22,050	-	22,050
Utilities	37,846	-	37,846
Maintenance and repairs	15,755	-	15,755
Insurance	7,696	-	7,696
Park expense	36,927	-	36,927
Capital outlay	25,125	(25,125)	-
Depreciation	-	51,033	51,033
Special event expenses	14,979	-	14,979
<b>TOTAL EXPENDITURES</b>	<b>243,827</b>	<b>25,908</b>	<b>269,735</b>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	<b>64,955</b>	<b>(25,908)</b>	<b>39,047</b>
<b>FUND BALANCE/NET POSITION, BEGINNING OF YEAR</b>	<b>98,514</b>	<b>308,051</b>	<b>406,565</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>63,797</b>	<b>-</b>	<b>63,797</b>
<b>RESTATED FUND BALANCE/NET POSITION, BEGINNING OF YEAR</b>	<b>162,311</b>	<b>308,051</b>	<b>470,362</b>
<b>FUND BALANCE/NET POSITION, END OF YEAR</b>	<b>\$ 227,266</b>	<b>\$ 282,143</b>	<b>\$ 509,409</b>

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



**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Spreckels Memorial District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

**A. Reporting Entity**

The Spreckels Memorial District was organized by resolution of the Board of Supervisors of Monterey County on March 17, 1947, following an election held March 11, 1947. The District is governed by the provisions of the Military and Veterans Code, commencing with Section 1170.

The function of the District is to administer the affairs of the Spreckels Veterans' Memorial Building, which the District was responsible for erecting in 1956, and perform similar duties in connection with the affairs of Spreckels Memorial Park, which was designated to its direction in 1966 and 1976.

The District is governed by a five member Board of Directors, which is the legislative body of the District and determines all questions of District policy. The District is not considered to be controlled or fiscally dependent on any other entity and, therefore, is not a component unit of another entity. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on the District. Control is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective government board.

**B. Basis of Presentation**

The accompanying basic financial statements of the District include all the financial activities of the District. The District has no component units.

Basic Financial Statements – The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

Measurement Focus and Basis of Accounting (continued) – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital and acquisitions are reported as expenditures in governmental funds.

Ad valorem tax revenues are recorded under the susceptible-to-accrual concept. Rental revenue, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivables are immaterial.

**C. Use of Estimates**

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

**D. Cash and Cash Equivalents**

Cash in Bank – The District’s cash is held in a commercial bank. The Financial Accounting Standards Board defines cash equivalents as short-term, highly liquid investments that are both: (1) readily convertible to known amounts of cash; and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The cost of all cash equivalents of the demand deposit account approximates market value.

Cash in County Treasury – Cash accounts, which essentially operate as demand deposit accounts, are maintained by the Monterey County Treasurer’s Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds characterized as Category 1, which include investments that are insured or registered and held by an agent in the District’s name as set forth by the Government Accounting Standards Board. Earnings from these funds are generally credited to the District’s accounts on a quarterly basis.

The Monterey County Treasurer’s policy is to invest in any security authorized by Section 53635 of the Government Code of the State of California and any other Government Code that permits investments in various securities, or participation in investment trading techniques or strategies. However, these balances are not insured or collateralized by any legacy. As of June 30, 2021 and 2020, the market value of the County investment portfolio was not materially different from its carrying value.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Prepaid Expenses**

Prepaid expenses are capitalized and amortized ratably over the period of the benefit.

**F. Capital Assets**

Capital assets (including infrastructure) of the District are recorded as historical cost, or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Property, equipment, and infrastructure assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building	40
Building equipment	7-10
Furniture and fixtures	5-7
Improvements	25-40
Park playground equipment	15
Tennis court resurfacing	15

**G. Fund Balances**

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balances for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses), or legally or contractually required to be maintained intact.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Fund Balances (continued)**

- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.), or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification refers to amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

**H. Property Taxes**

The District receives property taxes from the County, which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on March 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, in the secured roll. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

**I. Fund Accounting**

The accounts of the District are organized on the basis of a fund which is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, as appropriate. The District has only one major fund – the General Fund.

**J. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the District’s practice to use restricted resources first, then unrestricted resources as needed.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Net Position**

Net position represents total assets less liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets, excluding unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's net position is classified into the following categories:

Net Investment in Capital Assets – Capital assets, less outstanding principal of debt attributable to the acquisition, construction, or improvement of these assets (if any).

Restricted Net Position – Describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter.

Unrestricted Net Position – The remainder of the District's net position is classified as unrestricted. Unrestricted financial assets may be designated by management for use for particular purposes. However, such designation is not a restriction of net financial assets and is therefore not reported in the financial statements.

**L. Revenues**

The County administers the District's revenue. The County bills and collects revenues through benefit assessments to property tax billings. In addition, the District receives a percentage of the 1% property tax ad valorem rate. All receipts are deposited directly into the County's pooled cash fund for the District, after charging the District an administration fee.

**M. Income Taxes**

The District is a California local government unit which is exempt from both federal and state income taxes.

**N. Budgets and Budgetary Control**

Management has omitted the budgetary comparison information as it was not available to be presented.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 2: CASH AND CASH EQUIVALENTS**

**A. Cash in County Treasury**

The District maintains substantially all of its cash in the Monterey County Treasury (the Treasury) as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2021 and 2020, as provided by the pool sponsor was \$233,080 and \$221,276, respectively. The treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in market investment rates that will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2021 and 2020, the weighted average maturity of the investments contained in the Treasury investment pools was approximately 604 days and 307 days, respectively.

**C. Credit Risk**

Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. The Monterey County investment pool does not have a rating provided by a nationally recognized statistical rating organization. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments which are comprised of U.S. Treasuries, Federal Agency Securities, governmental investment pool and other liquid funds. All of these assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. The corporate debt is rated in the higher levels of investment grade. The remaining relates to commercial paper. All Federal Agency Securities have AA ratings or are guaranteed by the U.S. Treasury.

**D. Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District has no formal policy regarding the custodial credit risk for deposits or investments.

In 2020, the District maintained a checking account with Rabobank for use as the operating account for the District. At June 30, 2020, the District's bank balance was \$20,521. In 2021, the District closed the account at Rabobank and moved its operating account to Wells Fargo Bank. At June 30, 2021, the District's bank balance was \$25,395. The District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to the amount of \$250,000. The deposits are also collateralized at 110% by U.S. Treasury obligations and Municipal securities by pledging the bank's trust department not in the District's name.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the fiscal years ended June 30, 2021 and 2020, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Building and land	\$ 49,341	\$ -	\$ -	\$ 49,341
Construction in progress	3,500	57,044	-	60,544
Total capital assets, not being depreciated	<u>52,841</u>	<u>57,044</u>	<u>-</u>	<u>109,885</u>
Capital assets, being depreciated:				
Building equipment	114,312	-	-	114,312
Furniture and fixtures	31,595	2,585	-	34,180
Improvements	1,306,589	12,500	-	1,319,089
Park playground equipment	47,885	-	-	47,885
Tennis court resurfacing	34,500	-	-	34,500
Total capital assets, being depreciated	<u>1,534,881</u>	<u>15,085</u>	<u>-</u>	<u>1,549,966</u>
Less accumulated depreciation	<u>(1,305,579)</u>	<u>(47,825)</u>	<u>-</u>	<u>(1,353,404)</u>
Total capital assets, being depreciated, net	<u>229,302</u>	<u>(32,740)</u>	<u>-</u>	<u>196,562</u>
Total	<u>\$ 282,143</u>	<u>\$ 24,304</u>	<u>\$ -</u>	<u>\$ 306,447</u>
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Building and land	\$ 49,341	\$ -	\$ -	\$ 49,341
Construction in progress	-	3,500	-	3,500
Total capital assets, not being depreciated	<u>49,341</u>	<u>3,500</u>	<u>-</u>	<u>52,841</u>
Capital assets, being depreciated:				
Building equipment	114,312	-	-	114,312
Furniture and fixtures	30,395	1,200	-	31,595
Improvements	1,286,164	20,425	-	1,306,589
Park playground equipment	47,885	-	-	47,885
Tennis court resurfacing	34,500	-	-	34,500
Total capital assets, being depreciated	<u>1,513,256</u>	<u>21,625</u>	<u>-</u>	<u>1,534,881</u>
Less accumulated depreciation	<u>(1,254,546)</u>	<u>(51,033)</u>	<u>-</u>	<u>(1,305,579)</u>
Total capital assets, being depreciated, net	<u>258,710</u>	<u>(29,408)</u>	<u>-</u>	<u>229,302</u>
Total	<u>\$ 308,051</u>	<u>\$ (25,908)</u>	<u>\$ -</u>	<u>\$ 282,143</u>

Depreciation expense for the fiscal years ended June 30, 2021 and 2020, was \$47,825 and \$51,033, respectively.

**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 4: 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; and natural disasters. The District continues to carry commercial insurance for these risks. The commercial insurance carried by the District includes policies for general liability/property insurance and workers' compensation. Claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 5: ADJUSTMENT TO CONVERT FUND BALANCES TO GOVERNMENT-WIDE**

The adjustments needed to adjust the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances of the District to an accrual basis which consists of a Statement of Net Position and Statement of Activities are as follows:

	2021	2020
Reconciliation of balance sheet to statement of net position:		
Total fund balances per fund financial statements	\$ 367,530	\$ 227,928
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statements because they are not current financial resources but are reported in the statement of net position		
Fixed Assets, net of accumulated depreciation	306,447	282,143
Net position for governmental activities	\$ 673,977	\$ 510,071
Reconciliation of statement of revenues, expenditures and changes in fund balances to statement of activities:		
Net change in fund balances per fund financial statements	\$ 139,602	\$ 64,955
Capital outlay are reported as expenditures in the fund financial statements because they use current financial resources, but the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	72,129	25,125
Depreciation expense	(47,825)	(51,033)
Change in net position for governmental activities	\$ 163,906	\$ 39,047



**Spreckels Memorial District**  
Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 6: PRIOR PERIOD ADJUSTMENT**

It was discovered that outdated liability balances that should have been removed in prior years were not removed. A prior period adjustment was recorded to fiscal year 2020 to eliminate these balances.

The following summarizes the prior period adjustment referred to above:

	General Fund	Government- Wide
Balance at June 30, 2019, as previously stated	\$ 98,514	406,565.00
Prior period adjustments for:		
Payroll liabilities	(72,934)	
Rabobank checking	(2,328)	
Accounts payable	(4,281)	
Payroll clearing	15,084	
Prior period adjustment	64,459	64,459
Balance at June 30, 2019, as restated	\$ 162,973	\$ 471,024

**NOTE 7: COVID-19**

In January 2020, the virus SARS-CoC-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proved to be extremely virulent with transmission rates as yet unknown. The long-term economic impact in the State of California as yet has not been determined and therefore any impact on the District is not yet known.

**NOTE 8: SUBSEQUENT EVENTS**

The District evaluated subsequent events for recognition and disclosure through June 30, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021, which required recognition, or disclosure in such financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPRECKELS MEMORIAL DISTRICT  
GOVERNMENTAL FUND - STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED  
JUNE 30, 2021**

	<b>Budgeted Amounts</b>		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 215,000	\$ 215,000	\$ 237,421	\$ 22,421
Special assessments	43,700	43,700	44,573	873
Rental income	20,000	20,000	1,200	(18,800)
Donations	-	-	177,952	177,952
Special event income	10,000	10,000	-	(10,000)
Interest on pooled investments	3,000	3,000	2,230	(770)
<b>TOTAL REVENUES</b>	<u>291,700</u>	<u>291,700</u>	<u>463,376</u>	<u>171,676</u>
<b>EXPENDITURES/EXPENSES</b>				
Salaries and employee benefits	87,000	87,000	89,654	(2,654)
General and administration expenses	25,810	25,810	19,825	5,985
Utilities	36,000	36,000	47,708	(11,708)
Maintenance and repairs	16,950	16,950	40,852	(23,902)
Insurance	8,000	8,000	8,758	(758)
Park expense	42,500	42,500	43,201	(701)
Capital outlay	115,000	115,000	72,129	42,871
Special event expenses	10,000	10,000	1,647	8,353
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 341,260</u>	<u>\$ 341,260</u>	<u>323,774</u>	<u>\$ 17,486</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>			139,602	
<b>FUND BALANCE/NET POSITION, BEGINNING OF YEAR</b>			<u>227,266</u>	
<b>FUND BALANCE/NET POSITION, END OF YEAR</b>			<u>\$ 366,868</u>	

**SPRECKELS MEMORIAL DISTRICT  
GOVERNMENTAL FUND - STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED  
JUNE 30, 2020**

	<b>Budgeted Amounts</b>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES</b>				
Property taxes	\$ 205,000	\$ 205,000	\$ 224,035	\$ 19,035
Special assessments	43,700	43,700	45,354	1,654
Rental income	30,000	30,000	17,740	(12,260)
Special event income	20,000	20,000	17,179	(2,821)
Interest on pooled investments	-	-	4,474	4,474
<b>TOTAL REVENUES</b>	<u>298,700</u>	<u>298,700</u>	<u>308,782</u>	<u>10,082</u>
<b>EXPENDITURES/EXPENSES</b>				
Salaries and employee benefits	76,200	76,200	83,449	(7,249)
General and administration expenses	32,210	32,210	22,050	10,160
Utilities	31,900	31,900	37,846	(5,946)
Maintenance and repairs	8,200	8,200	15,755	(7,555)
Insurance	6,500	6,500	7,696	(1,196)
Park expense	41,500	41,500	36,927	4,573
Capital outlay	30,000	30,000	25,125	4,875
Special event expenses	19,000	19,000	14,979	4,021
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 245,510</u>	<u>\$ 245,510</u>	<u>243,827</u>	<u>\$ 1,683</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES			64,955	
FUND BALANCE/NET POSITION, BEGINNING OF YEAR			98,514	
PRIOR PERIOD ADJUSTMENT			<u>63,797</u>	
FUND BALANCE/NET POSITION, END OF YEAR			<u>\$ 227,266</u>	