WASCO RECREATION AND PARKS DISTRICT

FINANCIAL STATEMENTS

For The Year Ending June 30, 2016

Wasco Recreation and Parks District

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June 30, 2016

Albert & Associates, LLP
Certified Public Accountants

Independent Auditor's Report

The Board of Directors of the Wasco Recreation
and Parks District, Wasco, California:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wasco Recreation and Parks District, California, 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, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Wasco Recreation and Parks District, California, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the retirement plan schedules and budgetary comparison on pages 26 and 27 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of Wasco Recreations and Parks 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 Wasco Recreation and Park District's internal control over financial reporting and compliance.

Albert & Associates, LLP

Wasco, California
November 10, 2016

Wasco Recreation and Parks District

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
Assets:	
Cash and Investments	$ 1,286,483
Receivables, net	118,984
Prepaid Insurance	9,191
Capital Assets, not being depreciated	797,722
Depreciable Capital Assets, net of accumulated depreciation	1,901,828
Total Assets	4,114,208
Deferred Outflows of Resources:	
Deferred Pensions	10,190
Total Deferred Outflows of Resources	10,190
Liabilities:	
Accounts Payable	156,641
Accrued Wages and Benefits	18,871
Other Current Liabilities	11,085
Accrued Compensated Absences	3,088
Net Pension Liability	40,660
Total Liabilities	230,345
Deferred Inflows of Resources:	
Deferred Pensions	13,030
Total Deferred Inflows of Resources	13,030
Net Position:	
Net Invested in Capital Assets	2,699,550
Unrestricted	1,181,473
Net Position	$ 3,881,023

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

Wasco Recreation and Parks District

STATEMENT OF ACTIVITIES
Year ended June 30, 2016

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities:					
Recreation and Parks	$ 915,222	$ 131,326	$ -	$ 143,259	$ (640,637)
Total Governmental Activities	$ 915,222	$ 131,326	$ -	$ 143,259	$ (640,637)
General Revenues:					
Property Tax					690,628
Unrestricted investment earnings					6,032
Total General Revenues					696,660
Changes in Net Position					56,023
Net Position, Beginning - as restated					3,825,000
Net Position, Ending					$ 3,881,023

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

Wasco Recreation and Parks District

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	General Fund
Assets:	
Cash	$ 1,286,483
Receivable, net	118,984
Prepaid Insurance	9,191
Total Assets	$ 1,414,658
Liabilities:	
Accounts Payable	$ 156,641
Accrued Wages and Benefits	18,871
Other Current Liabilities	11,085
Total Liabilities	186,597
Fund Balance:	
Unassigned	1,228,061
Total Fund Balance	1,228,061
Total Liabilities & Fund Balance	$ 1,414,658

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

Wasco Recreation and Parks District

RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
June 30, 2016

Fund balances of governmental funds		$ 1,228,061
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. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.		
Beginning Balance, net of depreciation	$ 2,625,872	
Current Year Additions	252,364	
Current Year Depreciation	(178,686)	
Ending Balance, net of depreciation		2,699,550
Deferred outflows of resources for the pension plan are reported in the Statement of Net Position.		10,190
Deferred inflows of resources for the pension plan are reported in the Statement of Net Position.		(13,030)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the Governmental Funds Balance Sheet. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Net Pension Liability	(40,660)	
Compensated Absences	(3,088)	
		(43,748)
Net position of governmental activities		$ 3,881,023

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

Wasco Recreation and Parks District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
Year ended June 30, 2016

	General Fund
Revenues:	
Property Taxes	$ 690,628
Programs and Concession	109,106
Maintenance and Service Agreements	22,220
Interest	6,032
Grants	143,259
Total Revenues	971,245
Expenditures:	
Curent:	
Salaries and Employee Benefits	405,660
Services and Supplies	324,649
Capital Outlay:	
Buildings and Improvements	115,757
Equipment	147,870
Total Expenditures	993,936
Revenues Over (Under) Expenditures	(22,691)
Fund Balance - Beginning	1,250,752
Fund Balance - Ending	$ 1,228,061

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

Wasco Recreation and Parks District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2016

Net change in fund balance - total governmental funds	$	(22,691)
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which capital expenditures ($252,364) exceeded depreciation ($178,686) in the current period.		73,678
The change in accrued net pension liability does not require the use of current financial resources and therefore is not reported as an expenditure in government funds.		2,747
Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.		2,289
Change in net position of governmental activities	$	56,023

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

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Wasco Recreation and Parks District (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the District's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

A - Reporting Entity

The District was established in 1948 and is governed by an appointed Board of Directors who serve without remuneration. The District covers the unincorporated and incorporated area of the Wasco Union Elementary School District.

The purpose of the District is to provide leisure time activities for the people residing in the District. This has been accomplished by the acquisition and development of park and recreation center areas, development of supervised programs, construction and maintenance of recreational facilities, and cooperative efforts with other agencies in the area which provide like services.

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. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

B - Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been allocated to major functions in order to present a more accurate and complete picture of the cost of services. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1 – Summary of Significant Accounting Policies, (continued)

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate 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 that 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 operation fund of the District or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 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 or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c. The government has determined that a fund is important to the financial statement user.

The major funds are as follows:

Governmental Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property tax and user fees.

Proprietary Funds

None

Fiduciary Fund

None

Note 1 – Summary of Significant Accounting Policies, (continued)

C - Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. 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.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like 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 collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 1 – Summary of Significant Accounting Policies, (continued)

D - Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items

Cash and Investments

California Government Code authorizes the District to invest in the following types of investments:

Investment Type	Maximum Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptance	180 Days	40%	None
Commercial Paper - Select Agencies	270 Days	25%	A-1
Commercial Paper - Other Agencies	270 Days	40%	A-1
Negotiable Certificates of Deposit	5 Years	30%	None
CD Placement Service	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	A
Mutual and Money Market Fund	N/A	20%	Multiple
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 Years	20%	AA
Bank/Time Deposits	5 Years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

Receivables

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Property Taxes

Secured property taxes are levied during September of each year for the fiscal year beginning with the preceding July 1 and ending the following June 30. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. The Kern County Assessor establishes the value of the property on January 1. Taxes are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

Note 1 – Summary of Significant Accounting Policies, (continued)

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, irrigation and drainage systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than $1,000 ($5,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	10 - 20
Machinery and Equipment	5 - 8
Infrastructure	20 - 75

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions

For the year ended June 30, 2015, the District implemented GASB Statements No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68".

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies, (continued)

In general, the District recognizes a net pension liability that represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by CalPERS. The net pension liability is measured as of the District's prior fiscal 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. The change 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 straight-line over the average expected remaining service lives of all members that are provided with benefits as of the beginning of the measurement period and are recorded as a component of pension expense.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pension 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 benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

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

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

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

When both restricted and unrestricted net position are available, it is the District's policy to use restricted net position first, and then unrestricted net position as they are needed.

Note 1 – Summary of Significant Accounting Policies, (continued)

Fund Balance – Government Funds

Fund balances of the governmental funds are presented in the financial statements based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Board of Director resolution. This includes the budget reserve account.

Assigned – Amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the District Manager.

Unassigned – All other spendable amounts.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the District's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance: Restricted, Committed, Assigned, and Unassigned.

The District does not have a formal minimum fund balance requirements.

Appropriated Budget and Budgetary Control

The Board of Directors is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund. The budget is presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America.

The level of appropriated budgetary control is at the functional departmental level. The District Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the Board of Directors by a majority vote. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

Use of Estimates

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

Note 2 – Cash and Investments

The following is a summary of the District's cash, cash equivalents, and investments with fiscal agents at June 30, 2016:

Cash on Hand	$	4,348
Demand Deposits		128,354
External Cash Pool - County of Kern		1,153,781
Total	$	1,286,483

Deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. As of June 30, 2016, the District has no exposure to custodial credit risk as the entire demand deposit balance was covered by the FDIC. However, at times throughout the year these balances may exceed the federally insured limit.

Investments:

The District had $1,153,781 held by the County of Kern at June 30, 2016.

Interest rate risk – The District has no investment policy for interest rate risk.

Credit quality rating – The District has no investments in debt securities and therefore there is no credit quality rating to disclose. The District has no investment policy for credit quality ratings.

Concentration of credit risk – The District has no investment policy for concentration of credit risk.

Custodial credit risk – The District has no investment policy for custodial credit risk.

Note 3 – Receivables

Receivables at June 30, 2016 consist of the following:

Taxes Receivable, net	$	5,964
Due from State of California (Grant)		113,020
Allowance for doubtful accounts		-
Total	$	118,984

Note 4 – Capital Assets

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

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Caspital assets, not being depreciated					
Land	$ 797,722	$ -	$ -	$ -	$ 797,722
Construction in Progress	-	-	-	-	-
Total Capital assets, not being depreciated	797,722	-	-	-	797,722
Capital assets, being depreciated					
Buildings and Park Improvements	3,612,421	143,461	-	-	3,755,882
Machinery and Equipment	383,339	108,903	-	-	492,242
Total Capital assets, being depreciated	3,995,760	252,364	-	-	4,248,124
Less accumulated depreciation for:					
Buildings and Park Improvements	1,840,827	136,891	-	-	1,977,718
Machinery and Equipment	326,783	41,795	-	-	368,578
Total accumulated depreciation	2,167,610	178,686	-	-	2,346,296
Total capital assets, being depreciated, net	1,828,150	73,678	-	-	1,901,828
Governmental activities capital assets, net	$ 2,625,872	$ 73,678	$ -	$ -	$ 2,699,550

Depreciation charged to Recreation and Park Services on the Statement of Activities during the year was $178,686.

Note 5 – Compensated Absences

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 5,377	$ -	$ (2,289)	$ 3,088	$ -

Note 6 – Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position that applies to a future reporting period and so will not be recognized as an expense or expenditure until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the outflows from changes in the net pension liability.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflows of resources is defined as an acquisition of net position that applies to a future reporting period and so will not be recognized as revenue until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the inflows from changes in the net pension liability.

Note 8 – Retirement Plan, (continued)

Contributions. Active plan members are required to contribute 8% of their annual covered salary. The District makes 100% of the contributions required of District employees on their behalf and for their account. The District is also required to contribute the actuarially determined annual required contributions necessary to fund the plans. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average required employer contribution rate for the fiscal year 2014-15 was 6.709% (Tier I) and 6.237% (Tier II) of annual covered salary. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. At June 30, 2016, the District reported a liability of $40,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District's proportion was 0.0015 percent, which was a decrease of 0.0007 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension income of $2,747. 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
Difference between expected and actual results	$ 918	$ -
Changes in assumptions	-	8,679
Net difference between projected and actual earnings on Plan investments	-	4,351
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to measurement date	9,272	-
Total	$ 10,190	$ 13,030

The $9,272 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period Ending June 30,	
2016	$ (6,076)
2017	(6,076)
2018	(5,521)
2019	5,561
2020	-
Remaining	-

Note 8 – Retirement Plan, (continued)

Actuarial Methods and Assumptions. For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The 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 on this table, 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 report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50% (net of administrative expense in 2014) to 7.65% as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each 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 is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

Note 8 – Retirement Plan, (continued)

In determining the long-term expected rate of return, 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 the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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.

The long-term expected real rate of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	$ 68,190	$ 40,660	$ 17,931

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report. The plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Amortization of Deferred Outflows and Deferred Inflows of Resources. Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Note 8 – Retirement Plan, (continued)

The amortization period differs depending on the source of the gains or loss:

Difference between projected And actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan. The EARSL for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Payable to the Pension Plan. At June 30, 2016, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2016.

Note 9 – Other Disclosures

Economic Dependency
Property taxes collected within the County of Kern represent 71% of the District's revenues. Contracts with the County of Kern and City of Wasco represent 2% of District revenues. Program and concession revenues from residents within the City of Wasco and surrounding areas represent 11% of the District's revenues.

Date of Management Evaluation
Management has evaluated subsequent events through November 10, 2016, the date on which the financial statements were available to be issued.

Excess of Expenditures over Appropriations
For the year ended June 30, 2016, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue, programs & contributions.

Contingencies
The District has a contingent property tax liability for its share of tax refund claims pending against the County of Kern attributable to taxes paid by property owners but disputed. Because both the amount of the contingency and the expected outcome cannot be determined, the liability has not been provided for in the financial statements. At June 30, 2015, the latest date reported by the County, the contingent liability was $93,507.

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REQUIRED SUPPLEMENTARY INFORMATION

Wasco Recreation and Parks District

RETIREMENT PLAN SCHEDULES
Year ended June 30, 2016

Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

	6/30/2015		6/30/2014	
	Tier I	Tier II	Tier I	Tier II
District's Proportion of the Net Pension Liability/(Asset)	0.00150%	-0.00002%	0.00089%	0.00000%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ 41,167	$ (507)	$ 55,526	$ 18
District's Covered-Employee Payroll	$ 39,343	$ 67,345	$ 37,085	$ 63,479
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	104.64%	-0.75%	149.73%	0.03%
District's Proportionate Share of the Fiduciary Net Position as a Percentage of the District's Total Pension Liability	85.63%	104.81%	81.70%	82.69%
District's Proportionate Share of Aggregate Employer Contributions	$ 8,889	$ 5,424	$ 6,703	$ 2

Schedule of District Contributions

	Fiscal Year 2014-15		Fiscal Year 2013-14	
	Tier I	Tier II	Tier I	Tier II
Actuarially Determined Contribution	$ 5,074	$ 4,198	$ 7,431	$ 5,041
Contributions in Relation to the Actuarially Determined Contribution	(5,074)	(4,198)	(7,431)	(5,041)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 39,343	$ 67,345	$ 37,085	$ 63,479
Contributions as a Percentage of Covered-Employee Payroll	12.90%	6.23%	20.04%	7.94%

Notes to Schedules

Until a full 10-year trend is compiled, the information will be presented for those years for which information is available. Historical information is required only for measurement periods for which GASB 68 is applicable.

Change in Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

Wasco Recreation and Parks District

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT), BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2016

	General Fund		
	Original & Final Budget	Actual	Actual Over (Under) Budget
Revenues:			
Property Taxes	$ 670,000	$ 690,628	$ 20,628
Programs and Concession	143,900	109,106	(34,794)
Maintenance and Service Agreements	21,000	22,220	1,220
Interest	6,000	6,032	32
Grants	-	143,259	143,259
Total Revenues	840,900	971,245	130,345
Expenditures:			
Salaries and Employee Benefits	422,819	405,660	(17,159)
Services and Supplies	275,700	324,649	48,949
Capital Outlay:			
Buildings and Improvements	100,000	115,757	15,757
Equipment	39,700	147,870	108,170
Total Expenditures	838,219	993,936	155,717
Revenues Over (Under) Expenditures	2,681	(22,691)	(25,372)
Fund Balance - Beginning		1,250,752	
Fund Balance - Ending		$ 1,228,061	

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ADDITIONAL REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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Albert & Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S 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*

The Board of Directors of the Wasco Recreation
and Parks District, Wasco, California:

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Wasco Recreation and Parks District, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Wasco Recreation and Parks District's basic financial statements, and have issued our report thereon dated November 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wasco Recreation and Parks District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wasco Recreation and Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wasco Recreation and Parks District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies (Items 2016-1 through 2016-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wasco Recreation and Parks District's financial statements are free from 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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albert & Associates, LLP

Wasco, California
November 10, 2016

Wasco Recreation and Park District

SCHEDULE OF FINDINGS
Year ended June 30, 2016

2016-1 Preparation of Financial Statement

Condition: As is typical with most small government entities, management is not able to produce its own financial statements in conformity with U.S. generally accepted accounting principles.

Effect: There is an increased risk that reporting errors could go unnoticed.

Cause: The District's size and budget does not justify the cost to hire an employee trained in government accounting and reporting.

Criteria: Staff levels should be maintained to enable preparation of financial statements.

Recommendation: We recommend the District continue to strengthen its understanding of the financial statements including the disclosures and presentation requirements.

2016-2 Segregation of Duties

Condition: The District does not have adequate segregation of duties.

Effect: There is an increased risk that accounting errors could go unnoticed.

Cause: The District's size and budget limit the number of office accounting employees.

Criteria: Systems should be designed so employees do not oversee their own work.

Recommendation: We recommend the District continue to implement policies and procedures to help mitigate the lack of segregation of duties. Utilize others within the District to be part of the process since hiring new employees is not cost effective.

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