SUNRISE RECREATION AND PARK DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Sunrise Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Advisory Board of Directors
Sunrise Recreation and Park District
Citrus Heights, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sunrise Recreation and Park District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunrise Recreation and Park District as of June 30, 2021, and the respective changes in financial position 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 management's discussion and analysis on pages 3-10, the District's Schedule of Contributions on page 44, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 45, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 46, the Net OPEB Liability Schedule of Contributions on page 47, and the budgetary comparison information on pages 48-49 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 this information because these limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2022 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 District's internal control over financial reporting and compliance.

JJACPA, Inc.

September 1, 2022

Dublin, CA

Management's Discussion and Analysis

This section of the Sunrise Recreation and Park District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

- The assets of the District exceeded liabilities at the close of the 2020-2021 fiscal year by $25,156,981 (net position). The unrestricted net position is ($3,899,865). The unrestricted net position in prior year was ($3,158,480). This change is mainly due to deferred outflows/inflows and liability for the pension plan. $25,377,102 is invested in capital assets – net of related debt.

- As of June 30, 2021, the district's governmental funds reported combined fund balances of $5,853,265, of which $2,173,521 is unrestricted and available to meet the District's current and future needs (unreserved and reserved fund balances).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

Government-Wide Financial Statements are designed to provide readers with a broad overview of District finances in a manner similar to a private-sector business.

The Statement of Net position includes information on the District's assets and liabilities and provide information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). 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 Statements of Activities presents information showing how 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of these 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 portion of their costs through user fees and charges (business type activities). The governmental activities of the District are recreational and park activities. These are no business type activities.

Fund Financial Statements are groupings of related accounts that are 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 to demonstrate finance-related legal compliance. All of the funds of the District can be combined into one category: *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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term requirements. Because the focus of governmental funds 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the 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 financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budgetary comparative information for the general fund.

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 $25,156,981 as of June 30, 2021. The Summary of Net Position as of June 30, 2021, and 2020, follows:

Summary of Net Position

	2021	2020
Current and other assets	$ 5,987,493	$ 4,755,051
Noncurrent assets	30,798,218	32,430,476
Deferred outflows of resources	3,643,831	3,395,905
outflows of resources	40,429,542	40,581,432
Current and other liabilities	629,526	675,523
Long-term liabilities	13,332,067	11,708,985
Deferred inflows of resources	1,310,968	1,559,353
Total liabilities and deferred inflows of resources	15,272,561	13,943,861
Net position:		
Net investment in Capital Assets	25,377,102	26,648,288
Restricted	3,679,744	3,147,763
Unrestricted (deficit)	(3,899,865)	(3,158,480)
Total net position	$ 25,156,981	$ 26,637,571

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2021, and 2020, follows:

	Changes in Net Position	
	2021	**2020**
Revenues:		
Program revenues:		
Charges for services:	$ 1,437,657	$ 1,922,233
Operating contributions and grants	18,005	170,000
General revenues:		
Property taxes	5,485,159	5,230,022
Special assessments	872,854	666,480
Use of money and property	734,230	556,977
Developer fees	314,547	214,586
Other general revenues	119,587	144,850
Total revenues	8,982,039	8,905,148
Expenses:		
Governmental activities:		
Recreation	10,165,441	11,398,428
Total expenses	10,165,441	11,398,428
Excess (Deficiency) of revenues over expenditures	(1,183,402)	(2,493,280)
Change in net position	(1,183,402)	(2,493,280)
Net position:		
Beginning of year	26,637,571	29,130,851
Prior period adjustment	(297,188)	-
End of year	$ 25,156,981	$ 26,637,571

Revenues

The District's total revenues for governmental activities were $8,982,039 for the fiscal year ended June 30, 2021. Approximately 77% or $6,922,816 of the District's key revenues is generated from two major sources.

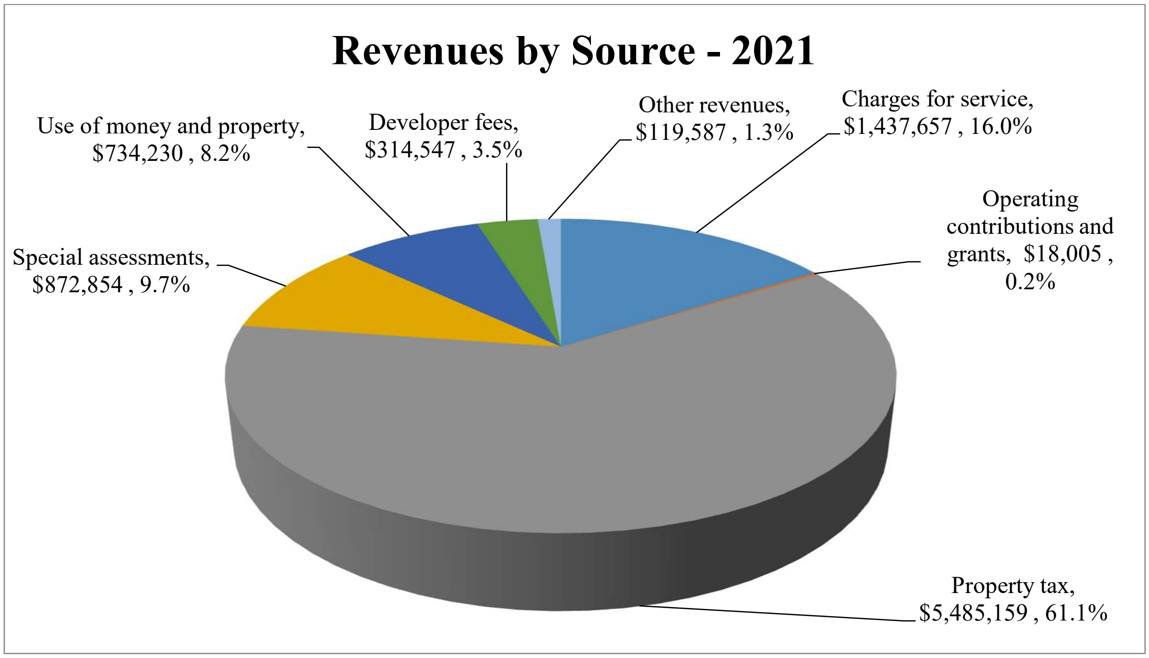
The following discusses variances in key revenues from the prior fiscal year:

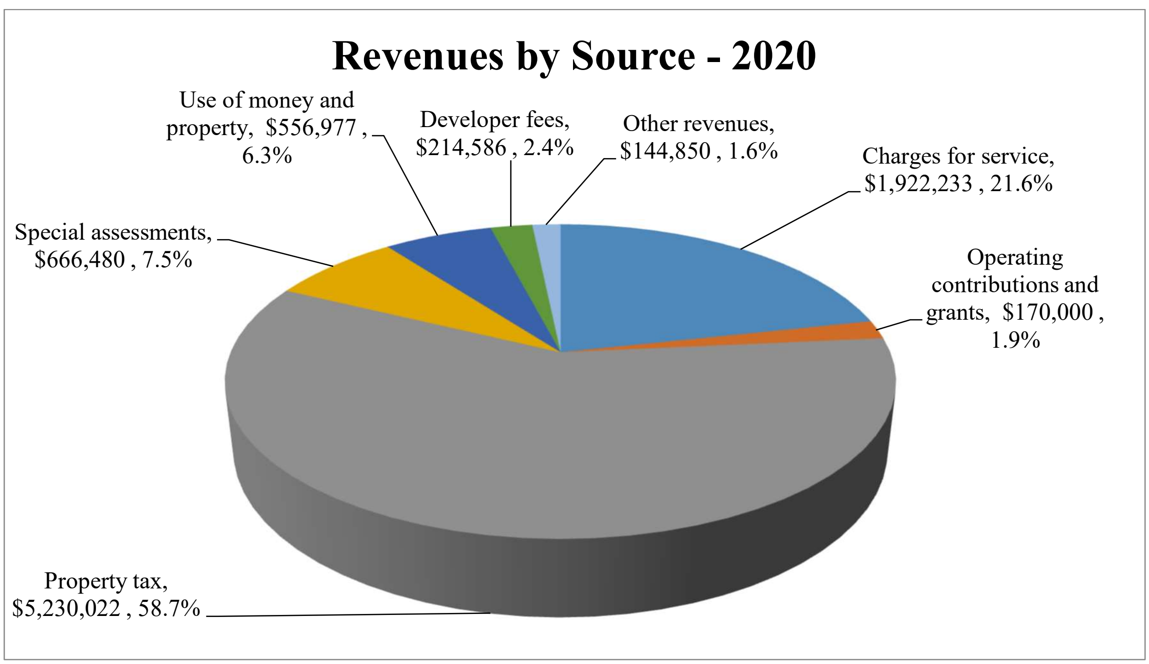
1. **Property Taxes** – Property taxes increased 4.9%.
2. **Charges for current services** – The decrease in charges for services is due to the continued Coronavirus (COVID19) Public Health Emergency Order restrictions and resulting program/rental closures and reductions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues, Continued

Revenues by source for the fiscal years ended June 30, 2021, and 2020, are as follows:





CAPITAL ASSETS

As of June 30, 2021 the District's investment in capital assets totaled $30,798,218 net of accumulated depreciation. The investment in capital assets includes land, site improvements, buildings and improvements and equipment. The capital assets are presented in the government-wide statement of net position.

Capital Assets

	Governmental Activities	
	2021	2020
Land	$ 13,174,440	$ 13,044,440
Construction in progress	-	43,558
Buildings and Improvements	52,180,768	51,865,608
Equipment	1,229,477	1,251,642
Less: Accumulated Depreciation	(35,786,467)	(34,071,960)
Total	$ 30,798,218	$ 32,133,288

The District continues to fund capital improvements in order to maintain commitments to the community and continue planning for the future as the economy is continuing to improve. Property taxes increased 4.9% in 2020-21 and the District is budgeting an increase of 3.8% for 2021-22. The District has been able to continue utilizing in-lieu, impact fees, grants, and is reviewing other revenue sources. Significant projects/programs completed or in progress for 2021-22:

- Provided the community with safe and restricted programs
- Agreement with Dry Creek Joint Elementary School for an after-school program
- Re-opening of Foothill Community Center
- Mitchell Village Park project underway
- District parks are the mecca of Pickleball for the community
- Collaboration with the City of Citrus Heights for the restroom project at San Juan Park
- Stock Ranch clean-up projects and repairs
- Playground equipment and basketball court project at Tempo Park
- Historic Rusch Home roof replacement
- Pickleball court resurfacing at Pokelma Park and Northwoods Park
- Equipment and vehicle replacements

LONG-TERM DEBT

As of June 30, 2021, the District had $13,827,365 in long term debt as reported in the statement of net position. The District's net increase is due to GASB Requirements and principal payments made during the fiscal year. The District also has one loan, proceeds of which were used to make park improvements. The District has an outstanding copier lease agreement that began in December 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

Consistent with the District's Vision of Creating Community through People, Parks and Programs, the adopted budget for 2020-21 focused on creating healthy communities by ensuring that:

- Relevant park and recreation programs, services, and facilities are provided in a clean and safe environment.
- Resources are expanded through citizen participation using collaboration and partnerships to help deliver service, finance facility rehabilitation, and new development.
- Professionally trained staff are provided with adequate technology and equipment to help insure the efficient and effective delivery of service.

The District's approach to the 2020-21 budget focused on current and expanding programs and capital improvements utilizing fiscal resources necessary for funding. The COVID19 Public Health Emergency Order restrictions and resulting program/rental closures continued to impact the District. The District continues to leverage remaining property tax revenue, expand partnerships with community organizations, evaluate appropriate user fee policies, maintain and expand grant opportunities, seek new revenue sources, and operate effectively and efficiently. The District remains committed to this strategy in the delivery of relevant services that support and create community within the City of Citrus Heights, Foothill Farms, Antelope, and unincorporated areas within the County of Sacramento.

<u>Guiding Principles 2020-21 Budget</u>

1. Preserve viability of all areas of the District
2. Protect core services
3. Continue prudent approach to financial management
4. Develop flexible staffing strategies
5. Adapt proactive sustainable budgeting approaches
6. Focus the organization
7. Maintain innovative organizational culture
8. Strengthen community and regional partnerships
9. Evaluate Capital Improvement Projects for ongoing costs

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

<u>Revenues</u>

The adopted budget for 2021-22 includes decreased revenues compared to the prior year budget. This is due to the continued restricted operations because of the COVID19 Public Health Emergency Order and capital improvement funding for projects no longer needed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, CONTINUED

Expenditures

Salaries & Employee Benefits – 2021-22 Budget

- The District staffing level of authorized full-time positions is 20.
- Full-Time employees received a COLA in July and salary study conducted later in the year.
- Part-Time employees received wage increases to meet State of California minimum wage requirements.
- Health Care costs increased due to rate increases.
- Retirement costs increased due to SCERS rate increases.
- Worker's Compensation increased due to increases in part-time staffing.

Services/Supplies/Other Charges– 2021-22 Budget

- Chemicals increased due to usage and rate increases at Rusch and Antelope pools.
- Increased insurance liability due to claim exposure.
- Land improvement increased due to irrigation controller replacements and other anticipated needs throughout the park system.
- Various accounts increased due to reopening of Foothill Community Center.
- Security services increased due to anticipated contracts.
- Land, buildings, and equipment increased for various anticipated park projects and equipment.

Overall, the District continues to take steps to manage its current resources with an eye to the future with all current and planned expenditures.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Sunrise Recreation and Park District Administrator at 7801 Auburn Blvd, Citrus Heights, CA 95610.

BASIC FINANCIAL STATEMENTS

Sunrise Recreation and Park District

Statement of Net Position

For the year ended June 30, 2021

Assets:		
Cash and investments	$	5,799,449
Receivables		188,044
Capital assets, net of accumulated depreciation		30,798,218
Total assets		36,785,711
Deferred outflows of resources:		
Pension plan		3,625,990
OPEB		17,841
Total deferred outflows of resources		3,643,831
Liabilities:		
Accounts payable		125,448
Accrued payroll		8,780
Interest payable		58,729
Compensated absences		193,784
Current portion of long-term debt		242,785
Long-term debt:		
Certificates of participation		5,178,331
Net pension obligation		7,981,758
Net OPEB obligation		171,978
Total liabilities		13,961,593
Deferred inflows of resources:		
Pension plan		1,248,338
OPEB		62,630
Total deferred inflows of resources		1,310,968
Net position:		
Net investment in capital assets		25,377,102
Restricted for:		
Park development		3,679,744
Unrestricted		(3,899,865)
Net position	$	25,156,981

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

Sunrise Recreation and Park District

Statement of Activities

For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Position
Governmental activities:					
Recreation	$ 10,165,441	$ 1,437,657	$ 18,005	$ -	$ (8,709,779)
Total governmental activities	$ 10,165,441	$ 1,437,657	$ 18,005	$ -	(8,709,779)
			General revenues:		
			Property taxes		5,485,159
			Special assessments		872,854
			Use of money and property		734,230
			Developer fees		314,547
			Other revenues		119,587
			Total general revenues		7,526,377
			Change in net position		(1,183,402)
			Net Position:		
			Beginning of year		26,637,571
			Adjustment		(297,188)
			Beginning of year, adjusted		26,340,383
			End of year		$ 25,156,981

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

Sunrise Recreation and Park District
Balance Sheet
June 30, 2021

	General Fund	Antelope Assessment District	Developer In-Lieu Fees	Van Maren/ Stock Ranch Fund
Assets				
Cash and investments	$ 2,278,027	$ 1,434,559	$ 558,684	$ 162,318
Accounts receivable	144,577	-	-	-
Interest receivable	3,771	3,385	1,543	-
Due from other funds	16,865	-	-	-
Total assets	$ 2,443,240	$ 1,437,944	$ 560,227	$ 162,318
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 96,569	$ -	$ -	$ -
Accrued payroll	8,780	-	-	-
Due to other funds	-	-	-	-
Total liabilities	105,349	-	-	-
Fund Balances:				
Restricted for Park development	164,370	1,437,944	560,227	162,318
Unassigned	2,173,521	-	-	-
Total fund balances	2,337,891	1,437,944	560,227	162,318
Total liabilities and fund balances	$ 2,443,240	$ 1,437,944	$ 560,227	$ 162,318

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

Antelope PIF	Performance Bond	Citrus Heights Assessment	Sunrise Park PIF	Foothill Park	Total Governmental Funds
$ 237,926	$ 15,317	$ -	$ 497,665	$ 614,953	$ 5,799,449
-	-	31,835	-	-	176,412
-	41	-	1,250	1,642	11,632
-	-	-	-	-	16,865
$ 237,926	$ 15,358	$ 31,835	$ 498,915	$ 616,595	$ 6,004,358
$ -	$ 13,909	14,970	$ -	$ -	$ 125,448
-	-	-	-	-	8,780
-	-	16,865	-	-	16,865
-	13,909	31,835	-	-	151,093
237,926	1,449	-	498,915	616,595	3,679,744
-	-	-	-	-	2,173,521
237,926	1,449	-	498,915	616,595	5,853,265
$ 237,926	$ 15,358	$ 31,835	$ 498,915	$ 616,595	$ 6,004,358

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

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Sunrise Recreation and Park District

Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2021

Fund balances of governmental funds	$	5,853,265
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds		30,798,218
Deferred inflows of resources are not current assets		3,643,831
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds		(13,827,365)
Deferred inflows of resources are not current liabilities		(1,310,968)
Net position of governmental activities	$	25,156,981

Sunrise Recreation and Park District

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2021

	General Fund	Antelope Assessment District	Developer In-Lieu Fees	Van Maren/ Stock Ranch Fund
Revenues:				
Property taxes	$ 5,485,159	$ -	$ -	$ -
Intergovernmental revenues	18,005	-	-	-
Charges for current services	1,437,657	-	-	-
Special assessments	-	688,084	-	-
Developer fees	-	-	59,457	-
Use of money and property	713,455	7,743	3,772	1,063
Other revenues	119,587	-	-	-
Total revenues	7,773,863	695,827	63,229	1,063
Expenditures:				
Salaries and benefits	4,664,152	21,106	-	-
Services and supplies	1,972,810	234,280	-	-
Capital outlay	255,698	-	-	-
Debt service:				
Principal	-	210,000	-	-
Interest	-	170,582	-	-
Bond issuance costs	-	87,781	-	-
Total expenditures	6,892,660	723,749	-	-
Excess (deficit) of revenues over (under) expenditures	881,203	(27,922)	63,229	1,063
Other financing sources (uses):				
Proceeds from the sale of capital assets	960	-	-	-
Refunding bonds issued	-	5,421,116	-	-
Payment to refunded bond escrow agent	-	(5,325,408)	-	-
Transfers in	25,681	-	-	-
Transfers (out)	-	-	(25,681)	-
Total other financing sources (uses)	26,641	95,708	(25,681)	-
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	907,844	67,786	37,548	1,063
Fund balances:				
Beginning of year	1,430,047	1,370,158	522,679	161,255
End of year	$ 2,337,891	$ 1,437,944	$ 560,227	$ 162,318

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

Antelope PIF	Performance Bond	Citrus Heights Assessment	Sunrise Park PIF	Foothill Park	Total Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 5,485,159
-	-	-	-	-	18,005
-	-	-	-	-	1,437,657
-	-	184,770	-	-	872,854
113,266	-	-	141,824	-	314,547
1,171	101	-	2,884	4,041	734,230
-	-	-	-	-	119,587
114,437	101	184,770	144,708	4,041	8,982,039
-	-	108,486	-	-	4,793,744
-	-	51,116	2,073		2,260,279
-	-	25,168	-	-	280,866
-	-	-	-	-	210,000
-	-	-	-	-	170,582
-	-	-	-	-	87,781
-	-	184,770	2,073	-	7,803,252
114,437	101	-	142,635	4,041	1,178,787
-	-	-	-	-	960
-	-	-	-	-	5,421,116
-	-	-	-	-	(5,325,408)
-	-	-	-	-	25,681
-	-	-	-		(25,681)
-	-	-	-	-	96,668
114,437	101	-	142,635	4,041	1,275,455
123,489	1,348	-	356,280	612,554	4,577,810
$ 237,926	$ 1,449	$ -	$ 498,915	$ 616,595	$ 5,853,265

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

Sunrise Recreation and Park District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

For the year ended June 30, 2021

Net change in fund balances - total governmental funds	$	1,275,455
Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund balances because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized/disposed		380,397
Proceeds from the sale of capital assets		(960)
Depreciation expense		(1,714,507)
Interest accrued on long-term debt is reported as an expense in the government-wide financial statements, but not in the fund financial statements		21,726
Repayments of long-term debt and capital leases are reported as an expenditure in the fund financial statements, but as a reduction of debt in the Statement of Net Position:		
Certificates of participation		210,000
Debt refunding		(146,116)
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		14,043
Changes in the net pension liability and net OPEB liability do not provide current financial resources.		(1,223,440)
Changes in net position of governmental activities	$	(1,183,402)

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Scope of Financial Reporting Entity

The District was organized in July 1971 under Public Resources Code section 5780 (Board of Supervisors Resolution 74-787) and was reorganized subsequently in 1982 and 1986. The District is a dependent special district within the County of Sacramento and is controlled by a five-member Advisory Board of Directors appointed by the Sacramento County Board of Supervisors. The District provides recreation facilities and programs to approximately 164,792 residents in an area of approximately 493 acres. The District operates 43 parks and open space sites, including one 9-hole golf course, three community centers, a historic home, two aquatic facilities, neighborhood and community park sites, a dog park and a skate park. The District also operates four licensed day-care programs on elementary school sites.

The District's reporting entity includes all financial activities under control of its Advisory Board of Directors. Control was determined on the basis of budget adoption and continuing oversight responsibilities.

The District is a component unit of the County of Sacramento. As such, it is included within the County's financial reporting entity as a blended component unit in a special revenue fund.

The District is funded through property taxes, developer fees, concessionaire fees and leases, and charges for services.

Excluded From the Reporting Entity

In 2016 the Citrus Heights Marching Band (CHMB), a non-profit corporation, was organized for the purpose of encouraging citizens and businesses to contribute through volunteer efforts and funding toward the improvement and enhancement of the recreation and park activities of the District. This entity is an autonomous organization with its own powers. Neither the Board of Supervisors nor the District's Advisory Board of Directors exercises oversight responsibility over this organization. Accordingly, the Foundation is not included in the accompanying financial statements.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

<u>Government-Wide and Fund Financial Statements Presentation</u>

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. The statement of activities presents direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the District’s funds, which include only governmental funds.

The District has combined its government -wide financial statements, the statement of net position and the statement of activities, with its fund financial statements, the balance sheet and the statement of revenues, expenditures, and changes in fund balances, into two statements; the statement of net position and governmental funds balance sheet; and the statement of activities and governmental fund revenues, expenditures, and changes in fund balances, for simplicity.

The District reports a General Fund that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

The District reports four special revenue funds to account for the activity of a landscaping assessment and developer fees whose funds are legally restricted to expenditures for specific purposes.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources. The District considers property taxes available if they are collected within sixty-days after year-end.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government -wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of the General Fixed Asset and the General Long Term Debt account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

Accounts and Records

Financial transactions initiated by the District are processed by the Sacramento County Department of Finance, Auditor-Controller. The District maintains copies of source documents. The Department of Finance, Auditor-Controller provides related general ledger, revenue, and expenditure computer listings. In addition, claims are paid and warrants are issued by the Department of Finance, Auditor-Controller.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budgetary Principles

As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget on or before October 1 of each fiscal year. Until the adoption of the final balanced budget, operations are governed by the adopted proposed budget, which is the prior year's final budget, approved by the Board. Public hearings are conducted on the proposed final budget to review all appropriations and the sources of financing.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting except as explained below. Budgetary control and the legal level of control are at the object level which classifies expenditures by type of goods purchased and services obtained. The Statement of Revenues, Expenditures – Budget to Actual (adjusted to the budgetary basis) presents revenues at the source level and expenditures at the function level.

It is not feasible to compare budget to actual data at the object level in this report. Therefore, this information is contained in a separate report prepared by the Sacramento County Department of Finance, Auditor-Controller, titled "Expenditures Status Report." Significant amendments and appropriation transfers from contingencies must be approved by the Districts' Board of Directors.

Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

The District budget for governmental funds is prepared on the modified accrual basis of accounting, except that encumbrances represent expenditures on a budgetary basis. Encumbrances not liquidated in the current year are added to the subsequent-year budget for reporting and control purposes.

Capital Assets

Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $5,000 if equipment, and $25,000 if infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Amortizations of assets acquired by way of capital leases are included in depreciation and amortization. Structures, improvements, and equipment are depreciated using the straight-line method over the following estimated used lives:

Assets	Years
Structures and improvements	25-50
Equipment	5-10

Compensated Absences

Regular, full-time District employees are granted vacation in varying amounts based upon length of service. Any accrued hours, not in excess of the maximum allowable, which are unused during the current period, are carried forward to following years. The General Fund records expenditures for compensated absences as they are taken by employees. Each year's budget includes a provision for the estimated expenditure for the current year. A year-end accrual is not made in the General Fund as the District does not believe any of the available year-end financial resources will be required to fund the year-end compensated absences liability. All vacation pay is accrued when incurred in the government-wide statements, in accordance with GASB Statement No. 16, "Accounting for Compensated Absences."

District employees are granted vacation in varying amounts based on classification and length of service. Maximum vacation hours eligible for carry forward to future years is limited to no more than 400 hours of accrual time at calendar year end. Additionally, certain employees are allowed compensated time-off (CTO) in lieu of overtime compensation and/or for working on holidays.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. The District does not pay accumulated sick leave to employees who terminate prior to retirement. Accordingly, no provision for payment of sick leave has been included in the government-wide financial statements.

Property Taxes

The County of Sacramento is responsible for the collection and allocation of property taxes. The District recognizes property taxes when received from the County. The County elects to use the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30. This purchase is completed within two months after the end of the fiscal year.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Intergovernmental Revenues

Grant agreements require the District to maintain accounting records and substantiating evidence sufficient to determine if all costs incurred and claimed are proper and that the District is in substantial compliance with other terms of the grant agreement. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the District

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 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 these estimates.

Restricted Assets

Restricted assets are financial resources generated for a specific purpose, such as construction of improvements. These amounts are restricted, as their use is limited by external requirements. It is the District’s policy to first use restricted assets when available.

Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Fund Equity

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

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.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Under GASB 54, fund balance 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.
- *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 are 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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2019
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Prior Period Adjustment

Due to the District's adoption of GASB 65, net amortization , net position was adjusted at June 30, 2021. The following is a reconciliation of the total net position as previously reported at July 1, 2020, to the restated net position.

	Govermental Activities
Net Position at July 31, 2020	$ 26,637,571
Adjustment: Adoption of GASB 65	(297,188)
Beginning of year, adjusted	26,340,383
Net position at June 30, 2021	$ 25,281,371

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2021, consisted of the following:

Cash and Investments

Imprest cash	$ 1,000
Cash and investments with the County Treasurer	5,798,449
Total cash and investments	$ 5,799,449

Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the Sunrise Recreation and Park District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of 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. This 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 or the District investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	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

2. CASH AND INVESTMENTS, Continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

		Remaining Maturity (in Months)			
Investment Type	Totals	12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months
Sacramento County *	$ 5,799,449	$ 5,799,449	$ -	$ -	$ -
Total	$ 5,799,449	$ 5,799,449	$ -	$ -	$ -

* Not subject to categorization

Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit 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 (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Since the District holds all its investments with the County of Sacramento in an investment pool, more information can be gained from these investments from evaluating the annual report of Sacramento County. This report can be obtained directly from the Sacramento County Auditor-Controller's office.

2. CASH AND INVESTMENTS, Continued

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Sacramento County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 13,044,440	$ 130,000	$ -	$ 13,174,440
Construction in progress	43,558	-	(43,558)	-
Total capital assets, not being depreciated	13,087,998	130,000	(43,558)	13,174,440
Capital assets, being depreciated:				
Buildings and improvements	51,865,608	271,602	43,558	52,180,768
Equipment	1,251,642	40,580	(62,745)	1,229,477
Total capital assets, being depreciated	53,117,250	312,182	(19,187)	53,410,245
Total accumulated depreciation	(34,071,960)	(1,714,507)		(35,786,467)
Total capital assets, being depreciated net	19,045,290	(1,402,325)	(19,187)	17,623,778
Governmental activities capital assets, net	$ 32,133,288	$ (1,272,325)	$ (62,745)	$ 30,798,218

4. LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 207,827	$ 104,308	$ (118,351)	$ 193,784	$ 193,784
Certificates of Participation	5,485,000	-	(5,485,000)	-	-
Refunding Lease Agreement	-	5,421,116	-	5,421,116	242,785
Long-term Obligations	$ 5,692,827	$ 5,525,424	$ (5,603,351)	$ 5,614,900	$ 436,569

Certificates of Participation

On June 20, 2006, the District's Board approved the "Agreement between Roseville Joint Union High School District and Sunrise Recreation and Park District for the Joint Construction and Use of Facilities at Antelope High School and Antelope Community Park." The Board approved the issuance of Certificates of Participations (COPs), in an aggregate principal amount of $7,435,000, for the District to finance a portion of its share of the project cost under the Agreement. The COPs will represent fractional interest in lease payments from the District to the Sacramento County Public Facilities Financing Corporation (PFFC) for the use and possession of certain existing District property, including the District's portion of the joint use site. The lease payments are assigned by the PFFC to a trustee bank for the benefit of the certificate holders. The COP was refinanced in November 2020 with the issuance of Refunding Lease Agreement.

Refunding Lease Agreement

On November 3, 2020, the Districts Board approved the "Refunding Lease Agreement." The Lease Agreement between the Sacramento County Public Facilities Financing Corporation (PFFC), as lessor, and the District, as lessee, under the terms of which the PFFC is subleasing certain facilities to the District and, in consideration thereof, the PFFC has agreed to make annual lease payments having aggregate principal components of $5,421,115.72 as the rental for such facilities. The reacquisition price exceeded the net carrying amount of the old debt by $524,594. The District obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $414,644. Principal payments are due September 1 of 2021 through the year 2037, escalating from $242,000 to $410,000, with fixed interest of 3.250%. At June 30, 2021, the principal balance due on this note was $5,421,116.

4. LONG-TERM OBLIGATIONS, Continued

The maturity schedule for the note is as follows:

Year ending June 30,	Principal	Interest
2022	242,785	172,241
2023	250,806	164,220
2024	259,092	155,934
2025	267,651	147,375
2026	276,493	138,533
2027-2031	1,525,671	549,459
2032-2036	1,794,899	280,230
2037-2041	803,719	26,333
Totals	$ 5,421,116	$ 1,634,325
Due within one year	$ 242,785	$ 172,241
Due after one year	5,178,331	1,462,084
Totals	$ 5,421,116	$ 1,634,325

5. RISK MANAGEMENT

The Sunrise Recreation and Park District is a member of the California Association for Park and Recreation Insurance (CAPRI), which is a joint powers authority consisting of various California special districts. The following insurance coverage is currently maintained:

General liability:	
Bodily injury and property damage	$10,000,000 each occurrence
	$10,000,000 reinsured
Excess liability	$10,000,000 each occurrence
Automobile liability	$10,000,000 each occurrence
Public officials and employee liability	$10,000,000 annual aggregate
Property buildings/contents	$50,000,000 each occurrence
Workers' compensation	Statutory

6. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Sunrise Recreation and Park District contributes to the Sacramento County Employees' Retirement System (SCERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by SCERS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefits are established by the County Employees' Retirement Act of 1937, section 31540, et seq., of the California Government Code and the California Public Employees' Pension Reform Act of 2013 (PEPRA). SCERS issues a separate actuarial report that includes financial statements and required supplementary information at www.scers.org.

Funding Policy

Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937 and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Active plan members (Tier III) in the District's defined pension plan are required to contribute 3.18% of their semimonthly covered salary for the first $175 and 4.76% of their semimonthly covered salary over $175 and 3.18% of their bi-weekly covered salary for the first $161 and 4.76% of their bi-weekly covered salary over $161. Active Plan members (Tier V) in the District's defined pension plan are required to contribute 7.93% of their covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the SCERS' Board of Administration. Under the actuarial funding method used by the System, investments are valued at fair value and all unrealized gains and losses are recognized over the next five years. Therefore, contribution rates reflect the impact of market fluctuations on investments during the five- year period after they occur. The average employer contribution rate as of June 30, 2020 for 2020/2021 (based on the June 30, 2017 valuation) was 23.89% of compensation. The contribution requirements of the plan members are established by Articles 6 and 6.8 of the 1937 Act, and are actuarially determined and are based on age of entry into the system.

The Sunrise Recreation and Park District's employer contributions to SCERS for the fiscal year ending June 30, 2021 were $834,000. Pension expense is different from this figure as the gross pension expense is a function of the newly implemented GASB 68.

6. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

At June 30, 2021, the District reported a liability of $7,981,758 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 Pension Plan participants, which was actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.305%
Proportion - June 30, 2021	0.294%
Change-increase/ (Decrease)	-0.011%

For the fiscal year ended June 30, 2021, the District recognized pension expense of $1,996,208 in its government-wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2021, 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 SCERS subsequent to measurement date	$ 807,697	$ -
Differences between actual and expected economic experience	228,821	16,279
Changes in assumptions	1,123,591	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	446,433	461,575
Net differences between projected and actual earnings on plan investments	1,019,448	770,484
Total	$ 3,625,990	$ 1,248,338

6. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

$807,697 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

June 30,	Miscellaneous
2022	$ 548,608
2023	315,987
2024	375,868
2025	329,492
2026	-
Thereafter	-
	$ 1,569,955

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.0%, net of investment expense
- Inflation Rate – 3.0%
- Salary increases – Varies by Entry Age and Service – 3.0% plus across the board salary increases of .25% per year, plus merit and promotional increases.
- Post-Retirement Mortality – Derived from RP-2000 combined healthy mortality table projected with Scale BB to 2022.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2016.

The long-term expected rate of return on pension plan investments (7.0%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

6. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

The target allocation and best estimates of arithmetic real rates of return (net of expected inflation) for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. Large Cap Equity	18.00%	5.42%
U.S. Small Cap Equity	2.00%	6.21%
International Developed Equity	16.00%	6.50%
Emerging Markets Equity	4.00%	8.80%
Cash	1.00%	-0.03%
High Yield Bonds	1.00%	3.40%
Bank Loans	1.00%	3.89%
Hedge Fund Growth	3.00%	2.40%
Private Equity	9.00%	9.40%
Private Credit/Private Debt	4.00%	5.60%
Core/Core Plus Bonds	10.00%	1.13%
Liquid Real Return	2.00%	4.47%
Global Bonds	3.00%	-0.04%
U.S. Treasury	5.00%	0.30%
Diversifying Abs. Return	7.00%	2.40%
Private Real Estate	2.00%	8.10%
Private Assets	7.00%	8.05%

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

6. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Miscellaneous - First Tier	13,081,630	7,981,758	3,806,911

Detailed information about the pension fund's fiduciary net position is available in the separately issued SCERS comprehensive annual financial report, which may be obtained by contacting SCERS.

7. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The County has established a Retiree Healthcare Plan (HC Plan), and participates in a single-employer plan and it does not issue a publicly available report. In December 2016 and September 2017, the Board of Supervisors approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2017 and 2018, respectively. The County provides access to group medical insurance and dental insurance, medical and dental offset payments to a specific group of eligible retirees as a result of a settlement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

All annuitants are eligible to enroll in a retiree medical and/or dental insurance plan in a given calendar year if 1) they began receiving a continuing retirement allowance from SCERS during that calendar year, or 2) they were enrolled in the annual plan previously approved by the County (continuous coverage), or 3) they previously waived coverage but elected to enroll during the County authorized enrollment period with a coverage date effective January of the given calendar year.

7. OTHER POST EMPLOYMENT BENEFITS, *continued*

Employees Covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	20
Inactive Employees Entitled to But Not Receiving Benefits	22
Participating Active Employees	50
Total Number of participants	**92**

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	3.50% at June 30, 2019 3.87% at June 30, 2018
Inflation	2.75%
Salary Increases	3.0% per annum
Investment Rate of Return	N/A
Mortality Rate	SCERS 2013-2016 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generation with Scale MP-2019
Healthcare Trend Rate	7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
Participation at retirement	• Active: ◦Covered: 45% ◦ Waived: 20% • Current and future vested terimations: 5%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent for the plan and was based on the Bond Buyer 20-Bond GO Index. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

7. OTHER POST EMPLOYMENT BENEFITS, Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2020	$ 119,096	$ -	$ 119,096
Changes for the year			
Service Cost	36,086	-	36,086
Interest	5,395	-	5,395
Changes in benefit terms	-		
Actual vs. expected experience	-	2,081	(2,081)
Assumption changes	13,482	-	13,482
Actual Investment Income	-	-	-
Administrative expenses	-	-	-
Benefit payments	(2,081)	(2,081)	-
Other	-	-	-
Net Changes	52,882	-	52,882
Balance at 6/30/2021	$ 171,978	$ -	$ 171,978

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2021 is 2.21%. The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	1.21%	2.21%	3.21%
Net OPEB Liability	$ 182,706	$ 171,978	$ 161,481

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Change in Healthcare Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 149,826	$ 171,978	$ 198,203

7. OTHER POST EMPLOYMENT BENEFITS, Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (8.0 Years at June 30, 2021)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $32,644. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 31,162
Changes in assumptions	11,797	31,468
Employer contributions made subsequent to the measurement date	6,044	-
Total	$ 17,841	$ 62,630

The $6,044 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2022	$ (8,837)
2023	(8,837)
2024	(8,837)
2025	(8,837)
2026	(8,837)
Thereafter	(6,747)

8. TRUST ACCOUNTS

The County of Sacramento maintains three trust accounts for the benefit of the District. The corpus of the trusts consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District. The use of these funds is restricted by County ordinance for the purposes of providing park and recreation facilities to serve the local populace. These funds are accounted for in special revenue funds for financial statement presentation and are available to the District upon approval from the District's Advisory Board of Directors.

9. SERVICE CONCESSION ARRANGEMENTS

The District owns Foothill Golf Course, which is operated under a service concession arrangement with a private third party. The contract commenced on July 1, 2014 and is a continuation of a prior contract. Annual rent of $5,850 is payable in monthly payments of $650 from March through November. The annual rental rate will be adjusted by 5% per year.

10. CONTINGENCIES

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies that would have a material effect on the financial condition or liquidity of the District.

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

During the course of analyzing the District's assessment, the District's outside engineering firm retained to assist with preparation of the assessment noticed that there had been a miscalculation of the assessment from previous years. The District has not yet determined the exact amount to be refunded to taxpayers but will record it in its financial statements once a more determinable amount is fixed.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 1, 2022, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

Sunrise Recreation and Park District

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 834,000	$ 810,000	$ 655,000	$ 597,000	$ 419,000	$ 459,000	$ 394,000
Contributions in relation to the actuarially determined contributions	(834,000)	(810,000)	(655,000)	(597,000)	(419,000)	(459,000)	(394,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 2,754,000	$ 2,839,000	$ 2,588,000	$ 2,278,000	$ 1,495,000	$ 1,521,000	$ 1,406,000
Contribution as a percentage of covered-employee payroll	30.28%	28.53%	25.31%	26.21%	28.03%	30.18%	28.02%

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 five years were available.

Sunrise 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*

	2020	2019	2018	2017	2016	2015	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.294%	0.305%	0.307%	0.278%	0.189%	0.169%	0.142%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$7,981,758	$6,314,889	$6,014,897	$5,832,704	$3,321,376	$1,939,461	$1,092,176
Plan's Covered-Employee Payroll	$2,754,000	$2,839,000	$2,588,000	$2,278,000	$1,495,000	$1,521,000	$1,406,000
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	289.82%	222.43%	232.41%	256.04%	222.17%	127.51%	77.68%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.55%	85.10%	84.67%	82.52%	83.21%	89.46%	93.16%

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 five years were available.

Sunrise Recreation and Park District

Required Supplementary Information - Schedule of Changes in the Net OPEB Liability and Related Ratios

for the Measurement Periods Ended June 30,

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	$ 36,086	$ 27,864	$ 27,919	$ 29,353
Interest on the total OPEB liability	5,395	7,539	6,072	4,127
Differences between expected and actual experience	-	(41,550)	-	-
Changes of benefit terms	-	-	-	-
Changes of assumptions	13,482	(37,653)	(3,223)	(2,115)
Benefit payments	(2,081)	(8,146)	(2,788)	(7,506)
Net change in total OPEB liability	52,882	(51,946)	27,980	23,859
Total OPEB liability - beginning	119,096	171,042	143,062	119,203
Total OPEB liability - ending (a)	$ 171,978	$ 119,096	$ 171,042	$ 143,062
Plan fiduciary net position				
Contributions - employer	$ 6,044	$ 8,146	$ 2,788	$ 7,506
Contributions - employee	-	-	-	-
Actual investment income	-	-	-	-
Benefit payments	(6,044)	(8,146)	(2,788)	(7,506)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -
Net OPEB liability - ending (a) - (b)	$ 171,978	$ 119,096	$ 171,042	$ 143,062
Covered-employee payroll	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered-employ	N/A	N/A	N/A	N/A

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years will be presented as they become available.

Sunrise Recreation and Park District
Required Supplementary Information - Net OPEB Liability Schedule of Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 6,044	$ 8,146	$ 2,788	$ 7,506
Contributions in relation to the ADC	6,044	8,146	2,788	7,506
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule

*GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years will be presented as they become available.

Sunrise Recreation and Park District

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

For the year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes	$ 5,482,307	$ 5,482,307	$ 5,485,159	$ 2,852
Intergovernmental revenues	477,872	477,872	18,005	(459,867)
Charges for current services	1,880,220	1,880,220	1,437,657	(442,563)
Use of money and property	449,218	449,218	713,455	264,237
Other revenues	39,000	39,000	119,587	80,587
Total revenues	8,328,617	8,328,617	7,773,863	(554,754)
Expenditures:				
Salaries and benefits	5,575,176	5,575,176	4,664,152	911,024
Services and supplies	2,382,361	2,382,361	1,916,605	465,756
Other charges	73,824	73,824	56,205	17,619
Contingency	803,136	803,136	-	803,136
Capital outlay	760,295	760,295	255,698	504,597
Total expenditures	9,594,792	9,594,792	6,892,660	2,702,132
Excess (deficit) of revenues over (under)	(1,266,175)	(1,266,175)	881,203	(2,147,378)
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	-	-	960	960
Transfers in	-	-	25,681	25,681
Total other financing sources (uses)	-	-	26,641	26,641
Excess (deficit of revenues and other sources over (under) expenditures and other uses	(1,266,175)	(1,266,175)	907,844	2,174,019
Fund Balances (Deficits):				
Beginning of year			1,430,047	
End of year			$ 2,337,891	

Sunrise Recreation and Park District

Antelope Assessment District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

For the year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Special assessments	$ 684,074	$ 684,074	$ 688,084	$ 4,010
Use of money and property	16,000	16,000	7,743	(8,257)
Other revenues	-	-	-	
Total revenues	700,074	700,074	695,827	(4,247)
Expenditures:				
Salaries and benefits	40,312	40,312	21,106	
Services and supplies	248,956	248,956	234,280	14,676
Debt service:				
Principal	210,000	210,000	202,073	7,927
Interest	237,009	237,009	170,582	66,427
Total expenditures	695,965	695,965	628,041	89,030
Excess (deficit) of revenues over (under) expendituers	4,109	4,109	67,786	(93,277)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficit of revenues and other sources over (under) expenditures and other uses	4,109	4,109	67,786	(93,277)
Fund Balances (Deficits)				
Beginning of year			1,370,158	
End of year			$ 1,437,944	

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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*

Independent Auditor's Report

To the Advisory Board of Directors of the
Sunrise Recreation and Park District
Citrus Heights, 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, each major fund, and the budgetary comparison information of the Sunrise Recreation and Park District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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. Accordingy, this communication is not suitable for any other purpose.

JJACPA, Inc.

September 1, 2022 **JJACPA, INC.**