

SUNRISE RECREATION
AND PARK DISTRICT
BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

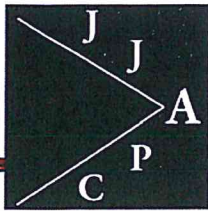
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Sunrise Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016

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JJACPA, Inc.

A Professional Accounting Services Corp.

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, 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. 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, 2016, 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.

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 40, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 41, and the budgetary comparison information on pages 42-43 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 June 7, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

June 7, 2017

JJACPA, Inc.
Dublin, CA

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

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, 2016. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016

- The assets of the District exceeded liabilities at the close of the 2015-2016 fiscal year by \$33,724,661 (net position). Of this amount, \$369,331, (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, and \$29,572,346 is invested in capital assets – net of related debt. The unrestricted net position in prior year was \$264,833 this increase is mainly due to the deferred outflows of resources for the pension plan (GASB 68).
- As of June 30, 2016, the district's governmental funds reported combined fund balances of \$5,844,114, of which \$2,061,130 is available to meet the District's current and future needs (unreserved fund balance).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$2,061,130 or 28% of total general fund expenditures.

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.

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

Management's Discussion and Analysis, Continued

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.

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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$33,724,661 as of June 30, 2016. The Summary of Net Position as of June 30, 2016, and 2015, follows:

	Summary of Net Position		
	2016	2015	Change
Current and other assets	\$ 6,509,974	\$ 5,731,799	\$ 778,175
Noncurrent assets	36,179,462	38,230,222	(2,050,760)
Deferred outflows of resources	1,329,642	462,587	867,055
Total assets and deferred outflows of resources	<u>44,019,078</u>	<u>44,424,608</u>	<u>(405,530)</u>
Current and other liabilities	967,521	921,105	46,416
Long-term liabilities	8,187,687	7,348,653	839,034
Deferred inflows of resources	1,139,209	1,356,773	(217,564)
Total liabilities and deferred inflows of resources	<u>10,294,417</u>	<u>9,626,531</u>	<u>667,886</u>
Net position:			
Net investment in			
Capital Assets	29,572,346	31,427,376	(1,855,030)
Restricted	3,782,984	3,105,868	677,116
Unrestricted	369,331	264,833	104,498
Total net position	<u>\$ 33,724,661</u>	<u>\$ 34,798,077</u>	<u>\$ (1,073,416)</u>

Overall, total net position decreased by \$1,073,416. About 87 percent of the net position of the District is represented by the District's net investment in its capital assets such as land, surplus property, buildings and improvements, leasehold improvements, and equipment.

The remaining amount in *unrestricted net position* of \$369,331 will be used to meet the District's ongoing obligations to citizens and creditors as funded through current revenues.

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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

	Changes in Net Position	
	2016	2015
Revenues:		
Program revenues:		
Charges for services:	\$ 2,397,032	\$ 2,658,622
Operating contributions and grants	(72,441)	1,922,151
General revenues:		
Property taxes	4,173,415	3,975,657
Special assessments	581,798	563,806
Use of money and property	1,119,110	453,551
Developer fees	471,277	225,159
Other general revenues	249,514	169,139
Total revenues	<u>8,919,705</u>	<u>9,968,085</u>
Expenses:		
Governmental activities:		
Recreation	<u>9,993,121</u>	<u>8,973,517</u>
Total expenses	<u>9,993,121</u>	<u>8,973,517</u>
Excess (Deficiency) of revenues over expenditures	<u>(1,073,416)</u>	<u>994,568</u>
Change in net position	(1,073,416)	994,568
Net position:		
Beginning of year	34,798,077	33,803,509
End of year	<u>\$ 33,724,661</u>	<u>\$ 34,798,077</u>

Revenues

The District's total revenues for governmental activities were \$8,919,705 for the fiscal year ended June 30, 2016. Approximately 83% or \$7,703,889 of the District's key revenues is generated from three major sources.

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

- 1. Property Taxes**— Property taxes were projected to increase 4.50% and they increased 4.97%.
- 2. Charges for current services** – The decrease in charges for services is mainly due the removal of the Bridges Program from the District as it was directly handled by the San Juan Unified School District beginning in FY 2015-16.

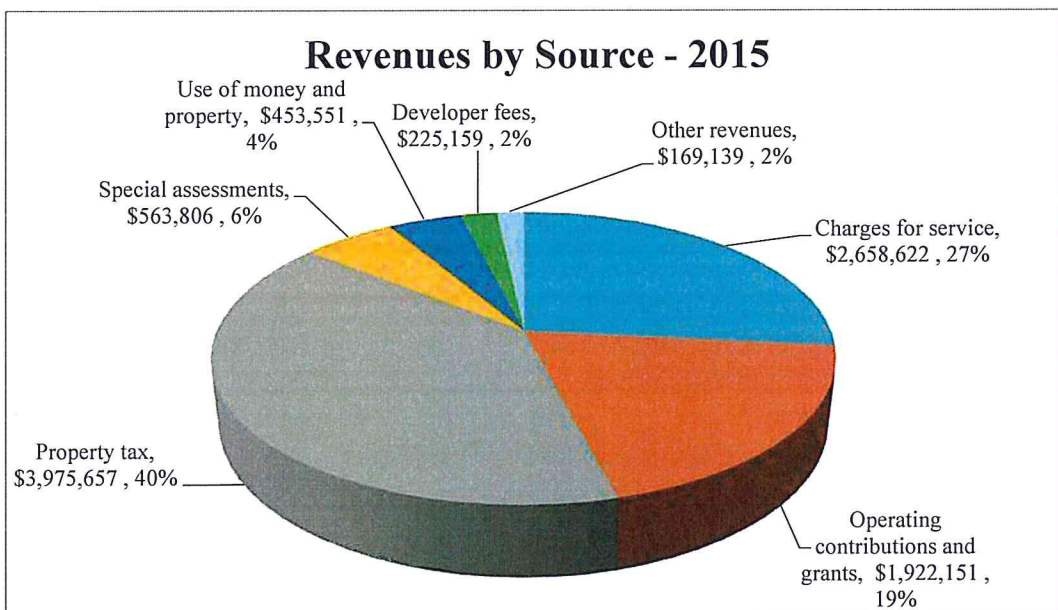
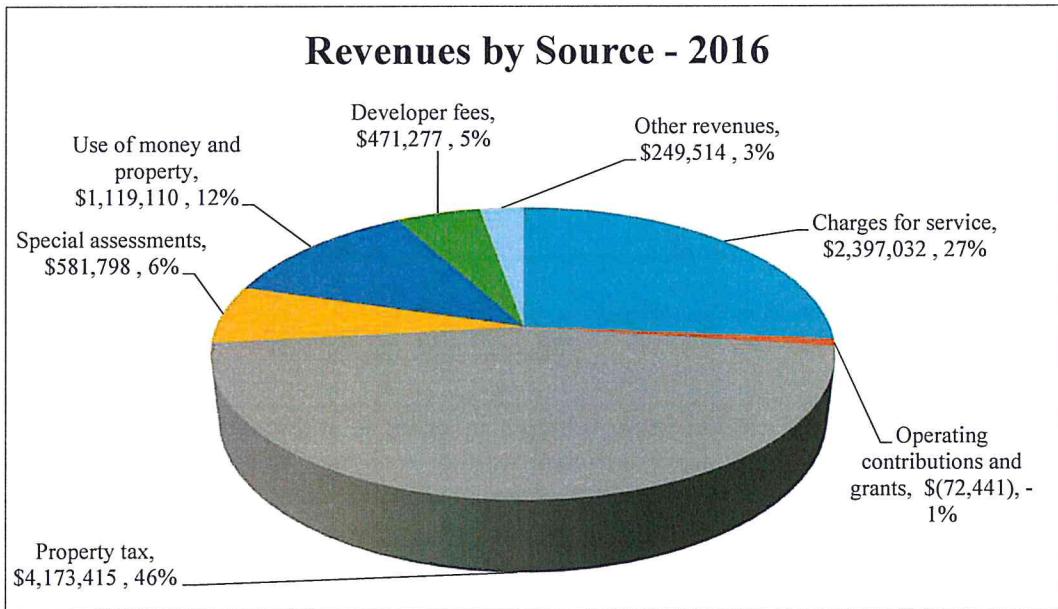
**Sunrise Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2016**

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues, Continued

Revenues by source for the fiscal years ended June 30, 2016, and 2015, are as follows:



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

Management's Discussion and Analysis, Continued

CAPITAL ASSETS

As of June 30, 2016 the District's investment in capital assets totaled \$35,812,346 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	
	2016	2015
Land	\$ 12,994,440	\$ 12,994,440
Construction in progress	3,390,403	3,520,150
Buildings and Improvements	45,932,427	45,975,420
Equipment	1,280,998	1,219,915
Less: Accumulated Depreciation	(27,785,922)	(25,864,301)
Total	<u>\$ 35,812,346</u>	<u>\$ 37,845,624</u>

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 4.97% in FY 2015-16 and the District is budgeting an increase of 4.13% for FY 2016-17. The District has been able to continue utilizing in-lieu, impact fees, and is reviewing other revenue sources. Significant projects/programs completed or in progress for 2015-16:

- Brooktree Park Walking Path Installation
- Pokelma Park Shade Structure Improvements
- Arcade Creek Park Preserve Treehouse Installation
- Rusch Park Pickle Ball Courts
- Various Tree Planting Events throughout the District
- Tetotom Park Shade Structure Improvements
- Antelope Community Park Shade Structure Improvements
- Tempo Park Tennis Court Improvements
- Tempo Park Restroom Installation
- Lone Oak Park Sand Volleyball Project
- Cabana Park Master Plan
- Drinking Fountains/Bottle Fillers at various Antelope Parks

LONG-TERM DEBT

As of June 30, 2016, the District had \$6,248,226 in outstanding debt as reported in the statement of net position. The District's net increase is due to GASB 68 Requirements and principal payments made during the fiscal year. The District also has one certificate of participation, proceeds of which were used to make park improvements, a mower lease that was paid off in July of 2015, an old copier lease agreement that ended in December 2015, and a new copier lease agreement that began in December 2015.

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

Management's Discussion and Analysis, Continued

GENERAL FUND BUDGETARY HIGHLIGHTS

Property tax revenues began to increase in FY 2013-14, the District continues to take a conservative approach in FY 2016-17 to balance the budget.

Consistent with District's Vision of Creating Community through People, Parks and Programs, the final budget for 2015-16 focuses on creating healthy communities by ensuring that:

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

The 2015-16 budget recognizes the fiscal resources necessary to fund existing and expanding programs and facilities is dependent on the District's ability to continue 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.

Guiding Principles 2015-16 Budget

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

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

Management's Discussion and Analysis, Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The December 2007 recession is still having an impact on the District's revenues. The reduction of property tax revenues has continued to restrict the District's ability to effectively fund aging infrastructure and expand with new development. The longer-term challenge of adequately addressing the maintenance requirements of the current infrastructure combined with the ability to adequately fund future park development and related maintenance continues to be an issue facing the District.

Property tax revenues are rising, but are still not at the level they once were in 2007. The property tax revenue changes are as follows:

- Property taxes declined 2.14% from 2007-08 to 2008-09
- Property taxes declined 11.22% from 2008-09 to 2009-10
- Property taxes declined 4.5% from 2009-10 to 2010-11
- Property taxes declined 3.8% from 2010-11 to 2011-12
- Property taxes declined 3.77% from 2011-12 to 2012-13
- Property taxes increased 8.89% from 2012-13 to 2013-14
- Property taxes increased 6.42% from 2013-14 to 2014-15
- Property taxes increased 4.97% from 2014-15 to 2015-16

Expenditures

Salaries & Employee Benefits

The District staffing level of authorized full-time positions is at 30 however is presently only funding 20 for FY 2016-17.

- Three part-time positions in the Parks Division were upgraded to Parks Maintenance Assistant positions.
- Eight full-time positions were brought up in salary in accordance with the 2015 Salary and Compensation Study effective July 1, 2016.
- Increase in compensated time off for affordable care act employees from 4 hours per month to 6 hours per month.
- Hiring Freeze for certain positions throughout the District (see salary policy)

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, 2016

Assets:	
Cash and investments	\$ 6,384,779
Receivables	124,645
Due from other governments	550
Capital assets, net of accumulated depreciation	35,812,346
Bond issuance costs, net of accumulated amortization	367,116
Total assets	<u>42,689,436</u>
Deferred outflows of resources:	
Pension plan	1,329,642
Total deferred outflows of resources	<u>1,329,642</u>
Liabilities:	
Accounts payable	471,586
Accrued payroll	118,604
Deposits	75,670
Interest payable	90,778
Compensated absences	210,883
Current portion of capital leases	8,226
Current portion of long-term debt	180,000
Long-term debt:	
Certificates of participation	6,060,000
Net pension obligation	1,939,461
Total liabilities	<u>9,155,208</u>
Deferred inflows of resources:	
Pension plan	1,139,209
Total deferred inflows of resources	<u>1,139,209</u>
Net position:	
Net investment in capital assets	29,572,346
Restricted for:	
Park development	3,782,984
Unrestricted	369,331
Net position	<u>\$ 33,724,661</u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental activities:					
Recreation	\$ 9,993,121	\$ 2,397,032	\$ (72,441)	\$ -	\$ (7,668,530)
Total governmental activities	<u>\$ 9,993,121</u>	<u>\$ 2,397,032</u>	<u>\$ (72,441)</u>	<u>\$ -</u>	<u>(7,668,530)</u>
			General revenues:		
			Property taxes		4,173,415
			Special assessments		581,798
			Use of money and property		1,119,110
			Developer fees		471,277
			Other revenues		249,514
			Total general revenues		<u>6,595,114</u>
			Change in net position		(1,073,416)
			Net position beginning of year		34,798,077
			Net position end of year		<u>\$ 33,724,661</u>

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

Sunrise Recreation and Park District

Balance Sheet

June 30, 2016

	General Fund	Antelope Assessment District	Developer In-Lieu Fees
Assets			
Cash and investments	\$ 2,356,940	\$ 1,543,099	\$ 658,381
Accounts receivable	99,874	-	-
Interest receivable	6,860	7,218	4,500
Due from other governments	550	-	-
Total assets	<u>\$ 2,464,224</u>	<u>\$ 1,550,317</u>	<u>\$ 662,881</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 283,573	\$ 188,012	\$ -
Accrued payroll	118,604	-	-
Deposits	917	59,753	-
Total liabilities	<u>403,094</u>	<u>247,765</u>	<u>-</u>
Fund balances:			
Restricted for park development	-	1,302,552	\$ 662,881
Unrestricted	2,061,130	-	-
Total fund balances	<u>2,061,130</u>	<u>1,302,552</u>	<u>662,881</u>
Total liabilities and fund balances	<u>\$ 2,464,224</u>	<u>\$ 1,550,317</u>	<u>\$ 662,881</u>

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

Van Maren/ Stock Ranch Fund	Antelope PIF	Performance Bond	Arcade Creek Park	Sunrise Park PIF	Foothill Park	Total Governmental Funds
\$ 151,286	\$ 72,979	\$ 15,591	\$ 1	968,234	618,268	\$ 6,384,779
-	-	-	-	-	-	99,874
-	-	81	324	4,056	1,732	24,771
-	-	-	-	-	-	550
<u>\$ 151,286</u>	<u>\$ 72,979</u>	<u>\$ 15,672</u>	<u>\$ 325</u>	<u>\$ 972,290</u>	<u>\$ 620,000</u>	<u>\$ 6,509,974</u>
\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 471,586
-	-	-	-	-	-	118,604
-	-	15,000	-	-	-	75,670
-	-	15,000	1	-	-	665,860
151,286	72,979	672	324	972,290	620,000	3,782,984
-	-	-	-	-	-	2,061,130
<u>151,286</u>	<u>72,979</u>	<u>672</u>	<u>324</u>	<u>972,290</u>	<u>620,000</u>	<u>5,844,114</u>
<u>\$ 151,286</u>	<u>\$ 72,979</u>	<u>\$ 15,672</u>	<u>\$ 325</u>	<u>\$ 972,290</u>	<u>\$ 620,000</u>	<u>\$ 6,509,974</u>

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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, 2016

Fund balances of governmental funds	\$ 5,844,114
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	35,812,346
Deferred inflows of resources are not current assets	1,329,642
Bond issue costs, net, related to the G.O. advanced refunding issue are not financial resources and, therefore, are not reported in the funds	367,116
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	(8,489,348)
Deferred inflows of resources are not current liabilities	<u>(1,139,209)</u>
Net position of governmental activities	<u>\$ 33,724,661</u>

Sunrise Recreation and Park District
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

	General Fund	Antelope Assessment District	Developer In-Lieu Fees	Van Maren/ Stock Ranch Fund
Revenues:				
Property taxes	\$ 4,173,415	\$ -	\$ -	\$ -
Intergovernmental revenues	(72,441)	-	-	-
Charges for current services	2,397,032	-	-	-
Special assessments	-	581,798	-	-
Developer fees	-	-	10,866	-
Use of money and property	493,733	343	4,500	(6)
Other revenues	249,514	-	-	-
Total revenues	<u>7,241,253</u>	<u>582,141</u>	<u>15,366</u>	<u>(6)</u>
Expenditures:				
Salaries and benefits	5,109,066	-	-	-
Services and supplies	2,060,829	165,261	-	-
Capital outlay	423,317	80,934	-	-
Debt service:				
Principal	-	170,000	-	-
Interest	-	275,776	-	-
Total expenditures	<u>7,593,212</u>	<u>691,971</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>(351,959)</u>	<u>(109,830)</u>	<u>15,366</u>	<u>(6)</u>
Other financing sources (uses):				
Transfers in	227,544	-	-	-
Transfers (out)	-	-	(213,212)	-
Total other financing sources (uses)	<u>227,544</u>	<u>-</u>	<u>(213,212)</u>	<u>-</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>(124,415)</u>	<u>(109,830)</u>	<u>(197,846)</u>	<u>(6)</u>
Fund balances:				
Beginning of year	2,185,545	1,412,382	860,727	151,292
End of year	<u>\$ 2,061,130</u>	<u>\$ 1,302,552</u>	<u>\$ 662,881</u>	<u>\$ 151,286</u>

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

Antelope PIF	Performance Bond	Arcade Creek Park	Sunrise Park PIF	Foothill Park	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,173,415
-	-	-	-	-	(72,441)
-	-	-	-	-	2,397,032
-	-	-	-	-	581,798
9,964	-	-	450,447	-	471,277
235	(19)	324	-	620,000	1,119,110
-	-	-	-	-	249,514
<u>10,199</u>	<u>(19)</u>	<u>324</u>	<u>450,447</u>	<u>620,000</u>	<u>8,919,705</u>
-	-	-	-	-	5,109,066
-	-	-	-	-	2,226,090
-	-	81,821	-	-	586,072
-	-	-	-	-	170,000
-	-	-	-	-	275,776
-	-	81,821	-	-	8,367,004
<u>10,199</u>	<u>(19)</u>	<u>(81,497)</u>	<u>450,447</u>	<u>620,000</u>	<u>552,701</u>
-	-	-	-	-	227,544
-	-	-	(14,332)	-	(227,544)
-	-	-	(14,332)	-	-
10,199	(19)	(81,497)	436,115	620,000	552,701
62,780	691	81,821	536,175	-	5,291,413
<u>\$ 72,979</u>	<u>\$ 672</u>	<u>\$ 324</u>	<u>\$ 972,290</u>	<u>\$ 620,000</u>	<u>\$ 5,844,114</u>

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, 2016

Net change in fund balances - total governmental funds	\$ 552,701
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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	(111,657)
Depreciation expense	(1,921,621)

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:

Capital leases	13,155
Certificates of participation	178,248

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	(4,097)
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Amortization of bond issuance costs is reported as an expense on the Statement of Activities.

	(17,482)
--	----------

Changes in the net pension liability do not provide current financial resources.

	237,337
--	---------

Changes in net position of governmental activities

	<u>\$ (1,073,416)</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 153,000 residents in an area of 413.68 acres. The District operates 37 parks and open space sites, one nine-hole golf course, three licensed day care centers on three elementary school sites, and three community centers.

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 August 1992, the Hearts for Parks, formerly the Sunrise Community Parks Foundation, 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.

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

Notes to Basic Financial Statements, Continued

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

Government-Wide and Fund Financial Statements Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. 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.

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

Notes to Basic Financial Statements, Continued

**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.

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

Notes to Basic Financial Statements, Continued

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.

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

Notes to Basic Financial Statements, Continued

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:

<u>Assets</u>	<u>Years</u>
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.

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

Notes to Basic Financial Statements, Continued

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 appropriate for future expenditures.

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

Notes to Basic Financial Statements, Continued

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

Fund Balances

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

Under GASB 54, fund 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.

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

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2016, consisted of the following:

Cash and Investments	
Imprest cash	\$ 1,000
Cash and investments with the County Treasurer	<u>6,383,779</u>
Total cash and investments	<u>\$ 6,384,779</u>

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
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

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

Notes to Basic Financial Statements, Continued

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:

Investment Type	Totals	Remaining Maturity (in Months)			
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months
Sacramento County *	\$ 6,383,779	\$ 6,383,779	\$ -	\$ -	\$ -
Total	\$ 6,383,779	\$ 6,383,779	\$ -	\$ -	\$ -

* 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.

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

Notes to Basic Financial Statements, Continued

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, 2016, is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,994,440	\$ -	\$ -	\$ 12,994,440
Construction in progress	3,520,150		(129,747)	3,390,403
Total capital assets, not being depreciated	<u>16,514,590</u>	<u>-</u>	<u>(129,747)</u>	<u>16,384,843</u>
Capital assets, being depreciated:				
Buildings and improvements	45,975,420		(42,993)	45,932,427
Equipment	1,219,915	61,083	-	1,280,998
Total capital assets, being depreciated	<u>47,195,335</u>	<u>61,083</u>	<u>(42,993)</u>	<u>47,213,425</u>
Total accumulated depreciation	(25,864,301)	(1,921,621)	-	(27,785,922)
Total capital assets, being depreciated net	<u>21,331,034</u>	<u>(1,860,538)</u>	<u>(42,993)</u>	<u>19,427,503</u>
Governmental activities capital assets, net	<u>\$ 37,845,624</u>	<u>\$ (1,860,538)</u>	<u>\$(172,740)</u>	<u>\$ 35,812,346</u>

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

Notes to Basic Financial Statements, Continued

4. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 206,786	\$ -	\$ (4,097)	\$ 210,883	\$ -
Certificates of participation	6,410,000	-	(170,000)	6,240,000	180,000
Capital leases payable	19,086	-	(10,860)	8,226	8,226
Due to other governments	8,248	-	(8,248)	-	-
Total governmental activities					
Long-term obligations	<u>\$ 6,644,120</u>	<u>\$ -</u>	<u>\$ (193,205)</u>	<u>\$ 6,459,109</u>	<u>\$ 188,226</u>

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. At June 30, 2015, the principal balance due on this note was \$7,170,000. Principal payments are due September 1 of 2008 through the year 2037, escalating from \$130,000 to \$430,000, with interest ranging from 3.95% to 4.5%.

Year ending June 30,	Principal	Interest
2017	\$ 180,000	\$ 268,689
2018	185,000	261,298
2019	190,000	253,609
2020	200,000	245,516
2021 - 2025	1,130,000	1,092,290
2026 - 2030	1,395,000	821,494
2031 - 2035	1,725,000	476,913
2036 - 2038	1,235,000	84,937
Totals	<u>\$ 6,240,000</u>	<u>\$ 3,504,746</u>

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

Notes to Basic Financial Statements, Continued

5. INTERFUND TRANSACTIONS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers consisted of the following at June 30, 2016:

<u>Governmental Funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General Fund	227,544	-
Developer In-Lieu Fees	-	213,212
Sunrise Park PIF	-	14,332
Total Major Funds	<u>227,544</u>	<u>227,544</u>
Total	<u>\$ 227,544</u>	<u>\$ 227,544</u>

Transfers were for capital projects expenditures paid for by the general fund and funded by developer fees.

6. 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

7. DEFINED BENEFIT PENSION PLAN

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. SCERS issues a separate actuarial report that includes financial statements and required supplementary information at www.scers.org.

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

Notes to Basic Financial Statements, Continued

7. DEFINED BENEFIT PENSION PLAN, Continued

Funding Policy

Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. Active plan members in the District's defined pension plan are required to contribute 3.19% of their semimonthly covered salary for the first \$175 and 4.78% of their semimonthly covered salary over \$175. 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 required employer contribution rate for the 2014/2016 fiscal year was 30.15% (Tier III) and 24.03% (Tier V) of annual covered payroll for pre-PEPRA and post-PEPRA employees, respectively. 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, 2016 were \$422,711. Pension expense is different from this figure as the gross pension expense is a function of the newly implemented GASB 68.

At June 30, 2016, the District reported a liability of \$1,939,461 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, 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 Pension Plan participants, which was actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.142%
Proportion - June 30, 2015	<u>0.169%</u>
Change - Increase (Decrease)	0.027%

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$181,786 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.

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

Notes to Basic Financial Statements, Continued

7. DEFINED BENEFIT PENSION PLAN, Continued

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 Inflow of Resources
Pension contributions subsequent to measurement date	\$ 422,711	\$ -
Changes in proportion and differences between employer's contributions and proportionate share of contributions	176,204	(135,278)
Changes in assumptions or other inputs	-	(84,069)
Net difference between projected and actual earnings on pension plan investments	730,727	(712,203)
Differences between expected and actual experience in the Total Pension Liability	-	(207,559)
Total	<u>\$ 1,329,642</u>	<u>\$ (1,139,109)</u>

\$422,711 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2017	\$ (164,507)
2018	(164,807)
2019	(111,247)
2020	207,983
Thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2016, 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 – 7.5%, net of investment expense
- Inflation Rate – 3.25%
- Salary increases – Varies by Entry Age and Service – 3.25% 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.

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

Notes to Basic Financial Statements, Continued

7. DEFINED BENEFIT PENSION PLAN, Continued

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments (7.5%) 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	22.5%	5.98%
International Equity	22.5%	7.23%
Fixed Income	20.0%	1.25%
Hedge Funds	10.0%	3.20%
Private Equity	10.0%	12.82%
Real Assets	15.0%	5.64%

The discount rate used to measure the total pension liability was 7.5 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.

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

Notes to Basic Financial Statements, Continued

7. DEFINED BENEFIT PENSION PLAN, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	<u>\$ 3,951,575</u>	<u>\$ 1,939,461</u>	<u>\$ 282,176</u>

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

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. OPERATING LEASES

The District has an operating lease for an office copier. There are no material restrictions imposed by this agreement. The minimum rental payments required under the operating lease commitments at June 30, 2016, are:

Year Ended June 30,	Primary Government
2016	<u>\$ 3,362</u>
Total	<u>\$ 3,362</u>

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

Notes to Basic Financial Statements, Continued

11. 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.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2016, 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*

	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 459,000	\$ 394,000
Contributions in relation to the actuarially determined contributions	<u>(459,000)</u>	<u>(394,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,521,000	\$ 1,406,000
Contribution as a percentage of covered-employee payroll	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 2016 was the first year of implementation, therefore only the first year was 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*

	<u>2015</u>	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.169%	0.142%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,939,461	\$ 1,092,176
Plan's Covered-Employee Payroll	\$ 1,521,000	\$ 1,406,000
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	127.51%	77.68%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	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 two years were 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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 4,070,745	\$ 4,154,564	\$ 4,173,415	\$ 18,851
Intergovernmental revenues	10,000	18,622	(72,441)	(91,063)
Charges for current services	2,975,822	2,951,163	2,397,032	(554,131)
Developer fees	248,000	314,634	-	(314,634)
Use of money and property	506,107	511,107	493,733	(17,374)
Other revenues	164,160	198,981	249,514	50,533
Total revenues	<u>7,974,834</u>	<u>8,149,071</u>	<u>7,241,253</u>	<u>(907,818)</u>
Expenditures:				
Salaries and benefits	5,708,875	5,734,830	5,109,066	625,764
Services and supplies	2,140,823	2,158,246	2,060,829	97,417
Capital outlay	353,000	531,221	423,317	107,904
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,202,698</u>	<u>8,424,297</u>	<u>7,593,212</u>	<u>831,085</u>
Transfers in	-	-	227,544	227,544
Net changes in fund balances			(124,415)	
Fund balances - July 1, 2015			2,185,545	
Fund balances - June 30, 2016			<u>\$ 2,061,130</u>	

Sunrise Recreation and Park District

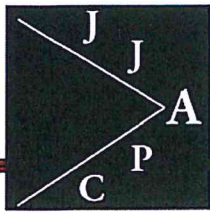
Antelope Assessment District

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

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 584,672	\$ 584,868	\$ 581,798	\$ (3,070)
Use of money and property	(3,240)	(3,240)	343	3,583
Total revenues	<u>581,432</u>	<u>581,628</u>	<u>582,141</u>	<u>513</u>
Expenditures:				
Services and supplies	129,400	132,000	165,261	(33,261)
Capital outlay	145,000	145,000	80,934	64,066
Debt service:				
Principal	-	-	170,000	(170,000)
Interest	450,901	450,901	275,776	175,125
Total expenditures	<u>725,301</u>	<u>727,901</u>	<u>691,971</u>	<u>35,930</u>
Excess (deficit) of revenues over (under) expenditures	<u>(143,869)</u>	<u>(146,273)</u>	<u>(109,830)</u>	<u>(35,417)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>(143,869)</u>	<u>(146,273)</u>	<u>(109,830)</u>	<u>(35,417)</u>
Fund balances - July 1, 2015			<u>1,412,382</u>	
Fund balances - June 30, 2016			<u>\$ 1,302,552</u>	

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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 Board of Directors of the
Mendocino Coast Recreation and Park District
Fort Bragg, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 7, 2017.

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.

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

June 7, 2017

JJACPA, Inc.

JJACPA, INC.
Dublin, CA