

**SUNRISE
RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2015**

**SUNRISE
RECREATION AND PARK DISTRICT**

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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, each major fund, and the aggregate remaining fund information of the Sunrise Recreation and Park District as of and for the year ended June 30, 2015, 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, 2015, 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.

Advisory Board of Directors
Sunrise Recreation and Park District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information on pages 3-10 and 32-34, respectively, 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 Information

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information in the Schedule of Insurance Coverages on page 35; is presented for purposes of additional analysis and is not a required part of the basic financial statements. This section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the Sunrise Recreation and Park District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year ended June 30, 2015.

Fechter & Company, Certified Public Accountants


Sacramento, CA
June 7, 2016

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015

- The assets of the District exceeded liabilities at the close of the 2014-2015 fiscal year by \$34,798,077 (net position). Of this amount, \$264,833, (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, and \$31,427,376 is invested in capital assets – net of related debt. The unrestricted net position in prior year was \$2,295,413, this decrease is mainly due to the implementation of GASB 68 which is described in the footnotes to the financial statements.
- As of June 30, 2015, the district’s governmental funds reported combined fund balances of \$5,291,413, of which \$2,185,545 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 \$2,185,545 or 29% of total general fund expenditures.
- The District continued to make debt service payments on a previous direct finance lease.

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
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Condensed Statement of Net position
Fiscal Years
Ended June 30, 2015 and 2014

	2015	2014
Current and other assets	\$ 6,578,984	\$ 6,293,170
Capital Assets and other assets – Net	37,845,624	37,726,775
Total Assets	<u>44,424,608</u>	<u>44,019,945</u>
Liabilities		
Current/non-current	<u>9,626,531</u>	<u>7,963,700</u>
Net Position:		
Invested in capital assets, net of related debt	31,427,376	30,741,447
Net position restricted	3,105,868	3,019,385
Unrestricted net position	264,833	2,295,413
Total Net position	<u>\$ 34,798,077</u>	<u>\$ 36,056,245</u>

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Condensed Statement of Activities
Fiscal Years
Ended June 30, 2015 and 2014

	2015	2014
Program Revenue:		
Recreation Services	\$ 2,658,622	\$ 2,849,782
Operating grants	1,922,151	1,716,510
General Revenue:		
Property taxes	3,975,657	3,735,716
Assessments	563,806	540,956
Use of money and property	453,551	432,765
Miscellaneous and developer fees	394,298	246,627
Total Revenue	9,968,085	9,522,356
 Expenses:		
Recreation and park activities	(8,686,603)	(7,601,784)
Interest on long-term debt	(286,914)	(289,141)
Total Expense	(8,973,517)	(7,890,925)
Changes in Net position	994,568	1,631,431
 Beginning Net position	36,056,245	34,136,325
Prior period adjustment	(2,252,736)	288,489
Ending Net position	\$ 34,798,077	\$ 36,056,245

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS

As of June 30, 2015 the District's investment in capital assets totaled \$37,845,624 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.

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 6.43% in FY 2014-15 and the District is budgeting an increase of 4.5% for FY 2015-16. 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 **2014-15**:

- Cabana Club Property Master Plan began
- District Wide Tree Inventory Completed
- 2014-2024 District Master Plan Completed
- C-Bar-C Park Dog Park Expansion Completed
- Crosswoods Community Park ADA Improvements Completed
- Rusch Park ADA Walkway Completed
- Walerga Park Renovation Completed
- Antelope Community Park Tennis Court Resurfacing
- Antelope Community Park Pool Cover Replacement
- Pokelma Park Picnic Area Improvements and Basketball Court Resurfacing
- Tetotom Park Tennis Court Improvements

LONG-TERM DEBT

As of June 30, 2015, the District had \$6,437,334 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. There is an additional lease which the District had taken out.

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Consistent with District’s Vision of Creating Community Through People, Parks and Programs, the final budget for 2014-15 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 2014-15 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 2014-15 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
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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

EXPENDITURES

Salaries & Employee Benefits

The District staffing level of authorized full-time positions is at 30 however is presently only funding 21 for FY 2015-16.

- Cost of Living (COLA) increase of 1.5% effective 04/01/16 for Regular Full Time Employees
- Minimum Wage increase of \$1 was effective January 2016 and \$1 an hour increase for Regular Full Time Employees was also included in the FY 2015-16 budget.
- 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.

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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
JUNE 30, 2015

Assets	
Cash and investments	\$ 5,549,141
Due from other government	182,658
Capital assets, net of accumulated depreciation	37,845,624
Bond issuance costs, net of accumulated amortization	<u>384,598</u>
Total Assets	<u>43,962,021</u>
Deferred Outflows of Resources	
Deferred pensions (footnote 8)	<u>462,587</u>
Liabilities	
Accounts payable	326,572
Accrued payroll	37,984
Deposits	75,830
Interest payable	93,073
Compensated absences	206,786
Current portion of capital leases	10,860
Current portion of long-term debt	170,000
Long-term debt:	
Certificates of participation	6,248,248
Capital leases	8,226
Net pension liability (footnote 4)	<u>1,092,179</u>
Total Liabilities	<u>8,269,758</u>
Deferred Inflows of Resources	
Deferred pensions (footnote 8)	<u>1,356,773</u>
Net Position	
Invested in capital assets, net of related debt	31,427,376
Restricted for:	
Park development	3,105,868
Unrestricted	<u>264,833</u>
Net Position	<u><u>\$ 34,798,077</u></u>

**SUNRISE RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 8,973,517	\$ 2,658,622	\$ 1,922,151	\$ -	\$ (4,392,744)
Total Governmental Activities	<u>\$ 8,973,517</u>	<u>\$ 2,658,622</u>	<u>\$ 1,922,151</u>	<u>\$ -</u>	<u>(4,392,744)</u>

General Revenues:

Property taxes	3,975,657
Special assessments	563,806
Use of money and property	453,551
Developer fees	225,159
Other revenues	<u>169,139</u>
Total general revenues	5,387,312
Change in net position	994,568
Net position at beginning of fiscal year	<u>36,056,245</u>
Prior Period Adjustment (footnote 12)	<u>(2,252,736)</u>
Net position at end of fiscal year	<u>\$ 34,798,077</u>

**SUNRISE RECREATION AND PARK DISTRICT
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Antelope Assessment District	Developer In-Lieu Fees	Van Maren/ Stock Ranch Fund	Antelope Fund	Performance Bond
Assets						
Cash and investments	\$2,221,232	\$1,626,278	\$ 858,627	\$ 151,292	\$ 62,780	\$ 15,652
Receivables	-	-	-	-	-	-
Due from other governments	171,979	3,400	2,100	-	-	39
Total Assets	<u>\$2,393,211</u>	<u>\$1,629,678</u>	<u>\$ 860,727</u>	<u>\$ 151,292</u>	<u>\$ 62,780</u>	<u>\$ 15,691</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 168,605	\$ 157,543	\$ -	\$ -	\$ -	\$ -
Accrued payroll	37,984	-	-	-	-	-
Deposits	1,077	59,753	-	-	-	15,000
	<u>207,666</u>	<u>217,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Fund Balances						
Fund balances						
Restricted for park development	-	1,412,382	860,727	151,292	62,780	691
Unassigned	2,185,545	-	-	-	-	-
Total Fund Balances	<u>2,185,545</u>	<u>1,412,382</u>	<u>860,727</u>	<u>151,292</u>	<u>62,780</u>	<u>691</u>
	<u>\$2,393,211</u>	<u>\$1,629,678</u>	<u>\$ 860,727</u>	<u>\$ 151,292</u>	<u>\$ 62,780</u>	<u>\$ 15,691</u>

**SUNRISE RECREATION AND PARK DISTRICT
BALANCE SHEET
JUNE 30, 2015**

Arcade Creek Park	Sunrise Park	Total Governmental Funds	
			Assets
\$ 78,171	\$ 535,109	\$ 5,549,141	Cash and investments
-	-	-	Receivables
4,074	1,066	182,658	Due from other governments
\$ 82,245	\$ 536,175	\$ 5,731,799	Total Assets
			Liabilities and Fund Balances
			Liabilities
\$ 424	\$ -	\$ 326,572	Accounts payable
-	-	37,984	Accrued payroll
-	-	75,830	Deposits
424	-	440,386	
			Fund Balances
			Fund balances
81,821	536,175	3,105,868	Restricted for park development
-	-	2,185,545	Unassigned
81,821	536,175	5,291,413	Total Fund Balances
\$ 82,245	\$ 536,175	\$ 5,731,799	

**SUNRISE RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund Balances of Governmental Funds	\$ 5,291,413
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	37,845,624
Deferred inflows of resources are not current assets	462,587
Bond issue costs, net, related to the G.O. advanced refunding issue are not financial resources and, therefore, are not reported in the funds	384,598
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.	(7,829,372)
Deferred inflows of resources are not current liabilities	<u>(1,356,773)</u>
Net position of governmental activities	<u>\$ 34,798,077</u>

SUNRISE RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Antelope & Lighting Assessment District	Developer In-Lieu Fees	Van Maren/ Stock Ranch Fund	Antelope Fund	Performance Bond
Revenues						
Property taxes	\$ 3,975,657	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	212,462	-	-	-	-	-
Charges for current services	2,658,622	-	-	-	-	-
Special assessments	-	563,806	-	-	-	-
Developer fees	(6,450)	-	63,386	-	4,868	-
Use of money and property	447,009	3,400	2,100	361	188	39
Other revenues	154,927	-	-	-	-	-
Total Revenues	7,442,227	567,206	65,486	361	5,056	39
Expenditures						
Salaries and benefits	5,149,037	-	-	-	-	-
Services and supplies	2,129,845	114,046	-	-	-	-
Capital outlay	224,916	53,294	-	-	-	-
Debt service						
Principal	-	158,416	-	-	-	-
Interest	-	289,142	-	-	-	-
Total Expenditures	7,503,798	614,898	-	-	-	-
Excess (Deficit) of Revenues Over (Under) Expenditures	(61,571)	(47,692)	65,486	361	5,056	39
Other Financing Sources (Uses)						
Operating transfers in	21,750	-	-	-	-	-
Operating transfers (out)	-	-	(21,750)	-	-	-
Total Other Financing Sources (Uses)	21,750	-	(21,750)	-	-	-
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(39,821)	(47,692)	43,736	361	5,056	39
Fund Balances, July 1, 2014	2,225,366	1,460,074	816,991	150,931	57,724	652
Fund Balances, June 30, 2015	<u>\$ 2,185,545</u>	<u>\$1,412,382</u>	<u>\$ 860,727</u>	<u>\$151,292</u>	<u>\$ 62,780</u>	<u>\$ 691</u>

SUNRISE RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Arcade Creek Park</u>	<u>Sunrise Park</u>	<u>Total Governmental Funds</u>	
Revenues			
\$ -	\$ -	\$ 3,975,657	Property taxes
1,709,689	-	1,922,151	Intergovernmental revenues
-	-	2,658,622	Charges for current services
-	-	563,806	Special assessments
-	163,355	225,159	Developer fees
(612)	1,066	453,551	Use of money and property
14,212	-	169,139	Other revenues
<u>1,723,289</u>	<u>164,421</u>	<u>9,968,085</u>	Total Revenues
Expenditures			
-	-	5,149,037	Salaries and benefits
-	-	2,243,891	Services and supplies
1,802,727	-	2,080,937	Capital outlay
-	-	-	Debt service
-	-	158,416	Principal
-	-	289,142	Interest
<u>1,802,727</u>	<u>-</u>	<u>9,921,423</u>	Total Expenditures
<u>(79,438)</u>	<u>164,421</u>	<u>46,662</u>	Excess (Deficit) of Revenues Over (Under) Expenditures
Other Financing Sources (Uses)			
-	-	21,750	Operating transfers in
-	-	(21,750)	Operating transfers (out)
<u>-</u>	<u>-</u>	<u>-</u>	Total Other Financing Sources (Uses)
<u>(79,438)</u>	<u>164,421</u>	<u>46,662</u>	Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses
<u>161,259</u>	<u>371,754</u>	<u>5,244,751</u>	Fund Balances, July 1, 2014
<u>\$ 81,821</u>	<u>\$ 536,175</u>	<u>\$ 5,291,413</u>	Fund Balances, June 30, 2015

**SUNRISE RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$	46,662
<p>Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:</p> <p>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:</p>		
Cost of assets capitalized		2,080,937
Depreciation expense		(1,637,107)
Interest accrued on long-term debt is reported as an expenditure in the government-wide financial statements but not in the fund financial statements		2,228
Repayments of long-term debt and capital leases are reported as an expense in the fund financial statements but as a reduction of debt in the statement of net position		175,860
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		<u>343,470</u>
Change in net position of governmental activities	\$	<u><u>994,568</u></u>

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 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.

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(continued)**

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.

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(continued)**

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.

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(continued)**

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. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 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.

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:

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
 (continued)**

Fund Balances (continued)

- 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.

Implementation of New Accounting Principles

The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2015, consisted of the following:

Imprest cash	\$ 1,000
Cash and investments with the County Treasurer	<u>5,548,141</u>
Total cash and investments	<u><u>\$ 5,549,141</u></u>

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2: CASH AND INVESTMENTS (continued)

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
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

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:

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>
Sacramento County *	\$ 5,548,141	\$ 5,548,141	\$ -	\$ -	\$ -
Totals	<u>\$ 5,548,141</u>	<u>\$ 5,548,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2: CASH AND INVESTMENTS (continued)

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.

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, is as follows:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$12,994,440	\$ -	\$ -	\$12,994,440
Construction in progress	1,683,318	1,836,832	-	3,520,150
Total capital assets, not being depreciated	14,677,758	1,836,832	-	16,514,590
Capital assets, being depreciated:				
Buildings and improvements	45,749,702	225,718	-	45,975,420
Equipment	1,201,528	18,387	-	1,219,915
Total capital assets, being depreciated	46,951,230	244,105	-	47,195,335
Total accumulated depreciation	(24,227,194)	(1,637,107)	-	(25,864,301)
Total capital assets, being depreciated net	22,724,036	(1,393,002)	-	21,331,034
Governmental activities capital assets, net	\$37,401,794	\$ 443,830	\$ -	\$37,845,624

NOTE 4: 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.

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 semi monthly covered salary for the first \$175 and 4.78% of their semi monthly 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

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4: DEFINED BENEFIT PENSION PLAN (continued)

of market fluctuations on investments during the five-year period after they occur. The required employer contribution rate for the 2014/2015 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, 2015 were \$462,587. Pension expense is different from this figure as the gross pension expense is a function of the newly implemented GASB 68.

At June 30, 2015, the District reported a liability of \$1,092,179 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, 2014, 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.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$119,117 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.

Actuarial Assumptions

The total pension liability in the June 30, 2015 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.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013.

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4: DEFINED BENEFIT PENSION PLAN (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 Real Rate of Return
U.S. Equity	22.50%	5.98%
International Equity	22.50%	7.23%
Fixed Income	20.00%	1.25%
Hedge Funds	10.00%	3.20%
Private Equity	10.00%	12.82%
Real Assets	15.00%	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.

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 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 2,726,521	\$ 1,092,179	\$ (253,078)

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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5: LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities for the year ended June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 206,786	\$ -	\$ -	\$ 206,786	\$ -
Certificates of participation	6,575,000	-	165,000	6,410,000	170,000
Capital leases payable	29,946	-	10,860	19,086	10,860
Due to other government	8,248	-	-	8,248	-
Total governmental activities long-term obligations	<u>\$6,819,980</u>	<u>\$ -</u>	<u>\$175,860</u>	<u>\$6,644,120</u>	<u>\$ 175,860</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, 2014, 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
2016	\$ 170,000	\$ 275,776
2017	180,000	268,689
2018	185,000	261,298
2019	190,000	253,609
2020-2024	1,085,000	1,138,835
2025-2029	1,335,000	881,483
2030-2034	1,655,000	551,884
2035-2038	1,610,000	148,950
Totals	<u>\$6,410,000</u>	<u>\$3,780,524</u>

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6: INTERFUND TRANSACTIONS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various District operations and re-allocations of special revenues. The following schedule briefly summarizes the District's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
In-lieu Fees	General Fund		\$15,300 was transferred to provide funding for capital projects
			\$6,450 was transferred to the County of Sacramento to adjust interest earned in prior years
		<u>\$ 21,750</u>	
Total		<u>\$ 21,750</u>	

NOTE 7: 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.

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-wide Statement of Net Position as Deferred Outflows of Resources, which is related to pensions. The sum total is \$462,587.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The sum total at year-end was \$1,356,773.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$462,587 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2016.

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

Year Ending June 30,	Amount
2016	\$ 351,739
2017	351,739
2018	351,739
2019	301,557
Total	\$ 1,356,774

NOTE 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.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 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, 2015, are:

Year Ended June 30,	Primary Government
2016	\$ 3,362
Total	\$ 3,362

NOTE 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.

NOTE 12: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,252,736 was recorded in the statement of activities to reflect the beginning net pension liability adjustment and to true up capital asset balances from the prior year.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 9, 2016, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

**SUNRISE RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 3,596,301	\$ 3,830,555	\$ 3,975,657	\$ 145,102
Intergovernmental revenues	239,535	254,887	212,462	(42,425)
Charges for current services	3,230,207	3,150,595	2,658,622	(491,973)
Developer fees	-	-	(6,450)	(6,450)
Use of money and property	473,515	470,715	447,009	(23,706)
Other revenues	128,275	112,775	154,927	42,152
	<u>7,667,833</u>	<u>7,819,527</u>	<u>7,442,227</u>	<u>(377,300)</u>
Expenditures				
Salaries and benefits	5,494,600	5,443,704	5,149,037	294,667
Services and supplies	2,082,514	2,152,511	2,129,845	22,666
Capital outlay	391,719	725,261	224,916	500,345
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
	<u>7,968,833</u>	<u>8,321,476</u>	<u>7,503,798</u>	<u>817,678</u>
Operating transfers in	656,380	656,380	<u>21,750</u>	(634,630)
Net changes in fund balances			<u>(39,821)</u>	
Fund balances - July 1, 2014			<u>2,225,366</u>	
Fund balances - June 30, 2015			<u><u>\$ 2,185,545</u></u>	

**SUNRISE RECREATION AND PARK DISTRICT
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$ 545,371	\$ 569,672	\$ 563,806	\$ 5,866
Use of money and property	6,880	6,880	3,400	3,480
Total revenues	<u>552,251</u>	<u>576,552</u>	<u>567,206</u>	<u>9,346</u>
Expenditures				
Services and supplies	129,300	129,400	114,046	15,354
Capital outlay	90,000	120,420	53,294	67,126
Debt service				
Principal	-	-	158,416	(158,416)
Interest	450,901	450,901	289,142	161,759
Total expenditures	<u>670,201</u>	<u>700,721</u>	<u>614,898</u>	<u>85,823</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(117,950)</u>	<u>(124,169)</u>	<u>(47,692)</u>	<u>(76,477)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating 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>\$ (117,950)</u>	<u>\$ (124,169)</u>	<u>(47,692)</u>	<u>\$ (76,477)</u>
Fund Balances, July 1, 2014			<u>1,460,074</u>	
Fund Balances, June 30, 2015			<u>\$ 1,412,382</u>	

**SUNRISE RECREATION AND PARK DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

BUDGETARY BASIS OF ACCOUNTING

The District prepares and legally adopts a final budget on or before August 30th of each fiscal year. Until the final budget is adopted, operations of the District commencing July 1st are governed by a continuing resolution, which is adopted by the Board at their final meeting of the preceding fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2015, the Board of Directors approved all necessary supplementary appropriations.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level, except for fixed assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Sub-object levels of expenditures for fixed assets are land, structures and improvements, and equipment.

For budgetary purposes, actual GAAP expenditures have been adjusted to include encumbrances outstanding at year-end. Encumbrance accounting is employed as an extension of formal budgetary integration of the General and Special Revenue Funds under the jurisdiction of the Board of Directors.

**SUNRISE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2015**

Sunrise Recreation & Park District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*:

	<u>FY 2014</u>
District’s proportion of the net pension liability	Varies by plan
District’s proportionate share of the net pension liability	\$ 1,092,179
District’s covered employee payroll	1,406,000
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.68%
Plan Fiduciary net position as a percentage of the total pension liability	93.16%

*Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years*:

	<u>FY 2014</u>
Actuarially determined contribution	\$ 394,000
Total actual contributions	(394,000)
Contribution deficiency (excess)	<u>\$ -</u>
District’s covered-employee payroll	\$ 1,406,000
Contributions as a percentage of covered employee payroll	28.02%

OTHER SUPPLEMENTARY INFORMATION

**SUNRISE RECREATION AND PARK DISTRICT
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2015**

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:

<u>General Liability</u>	
Bodily injury and property damage	\$10,000,000 each occurrence \$10,000,000 reinsured
<u>Excess Liability</u>	\$10,000,000 each occurrence
<u>Automobile Liability</u>	\$10,000,000 each occurrence
<u>Public Officials and Employee Liability</u>	\$10,000,000 annual aggregate
<u>Property/buildings/contents</u>	\$50,000,000 each occurrence
<u>Workers Compensation</u>	Statutory