

**MISSION OAKS RECREATION & PARK DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**



**MISSION OAKS RECREATION & PARK DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

	<u>Page(s)</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited).....	3
Basic Financial Statements:	
Government - Wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	15
Notes to Financial Statements.....	16
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund.....	35
Budgetary Comparison Schedule - Landscape and Lighting Assessment District.....	36
Schedule of the District's Proportionate Share of the Net Pension Liability.....	37
Schedule of the District's Contributions - Pension Plan.....	38
Schedule of Changes in Total OPEB Liability and Related Ratios.....	39
Notes to Required Supplementary Information.....	40
<b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	41
Schedule of Findings and Responses.....	43
Summary Schedule of Prior Year Audit Findings.....	45

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mission Oaks Recreation & Park District  
Carmichael, California

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Mission Oaks Recreation & Park District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

### **Opinion**

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 aggregate remaining fund information of the District's as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 - 8 and required supplementary information on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, 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 solely 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 the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

Oakland, California  
March 25, 2024

**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

Our discussion and analysis of the Mission Oaks Recreation & Park District (the "District") provides the reader with an overview of the District's financial position and performance for the period ending June 30, 2021. The Management's Discussion & Analysis (MD&A) describes the significant changes that occurred in general operations and discusses the activities during the year for capital assets. The discussion concludes with a description of currently known facts, decisions, and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

**FINANCIAL HIGHLIGHTS**

**Government - Wide Financial Statements:**

- The assets of the District exceeded liabilities at the close of the 2021 fiscal year by \$13,828,817 (net position), an increase over the previous year by \$602,619. Of this amount, \$58,076 is the unrestricted net position, \$424,388 is the restricted net position, and \$13,346,353 is the net investment in capital assets.

**Fund Financial Statements:**

- As of June 30, 2021, the District's governmental funds reported combined fund balances of \$3,332,591, \$424,388 is reserved for landscape and lighting assessment and \$2,908,203 is available to meet the District's current and future needs (unassigned fund balance).
- Unassigned fund balance for the general fund was \$2,908,203 or 88.41% of total general fund expenditures as of June 30, 2021.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to District's basic financial statements. The basic financial statements include: (1) government - wide financial statements, (2) fund financial statements, and (3) notes to financial statements. In addition, the financial section of this report contains required supplementary information.

**Government - Wide Financial Statements:** The government-wide financial statements provide a broad overview of the District's and the manner of presentation is similar to a private-sector business. The government - wide financial statements can be found on pages 9 - 11.

- ***Statement of Net Position:*** The statement of net position presents information on all the District assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ***Statement of Activities:*** The statement of activities provides information about all the District's revenues and expenses on the full accrual basis of accounting, with the emphasis on measuring net revenues or expenditures of each specific program. This statement explains in detail the change in Net Position for the year.

**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**Overview of the Financial Statements - Cont'd**

**Fund Financial Statements:** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are divided into one category which are all considered governmental funds.

The 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 balances of spendable resources available 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 financing decisions. Reconciliations are provided to facilitate this comparison for the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The basic governmental fund financial statements can be found on pages 12 - 15 on this report.

**Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the District's basic financial statements. The notes are included immediately following the basic financial statements within this report. The notes to financial statements can be found on pages 16 - 34 on this report.

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

Overall, the District has started to experience a recovery of its property tax base and increases in program revenue generation while holding operational costs increases to the minimum possible to achieve objectives. The District has continued to work in partnership with other recreation & park Districts, schools, community organizations, and service groups, and business to address the mission to satisfy the recreational needs of the community by providing a wide range of facilities and opportunities to enrich the quality of life.

**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**GOVERNMENT - WIDE FINANCIAL ANALYSIS - CONT'D**

The following is a summary of the District's Statements of Net Position as of June 30, 2021, and June 30, 2020.

**Table 1  
Net Position  
Governmental Activities**

	<u>June 30, 2021</u>	<u>June 30, 2020 Restated</u>	<u>Increase (Decrease) Amount</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current and other assets	\$ 4,134,167	\$ 3,667,500	\$ 466,667	12.7%
Capital assets, net	<u>13,346,353</u>	<u>12,942,507</u>	<u>403,846</u>	<u>3.1%</u>
Total assets	<u>17,480,520</u>	<u>16,610,007</u>	<u>870,513</u>	<u>5.2%</u>
<b>Deferred Outflows of Resources</b>				
Related to pension	1,516,574	977,703	538,871	55.1%
Related to OPEB	<u>9,770</u>	<u>1,691</u>	<u>8,079</u>	<u>477.8%</u>
Total deferred outflows of resources	<u>1,526,344</u>	<u>979,394</u>	<u>546,950</u>	<u>55.8%</u>
<b>Liabilities:</b>				
Current and other liabilities	892,630	632,965	259,665	41.0%
Long-term liabilities	<u>3,653,279</u>	<u>2,816,982</u>	<u>836,297</u>	<u>29.7%</u>
Total liabilities	<u>4,545,909</u>	<u>3,449,947</u>	<u>1,095,962</u>	<u>31.8%</u>
<b>Deferred Inflows of Resources</b>				
Related to pension	596,631	870,741	(274,110)	(31.5)%
Related to OPEB	<u>35,507</u>	<u>42,515</u>	<u>(7,008)</u>	<u>(16.5)%</u>
Total deferred inflows of resources	<u>632,138</u>	<u>913,256</u>	<u>(281,118)</u>	<u>(30.8)%</u>
<b>Net Position:</b>				
Net investment in capital assets	13,346,353	12,942,507	403,846	3.1%
Restricted	424,388	501,842	(77,454)	(15.4)%
Unrestricted	<u>58,076</u>	<u>(218,151)</u>	<u>276,227</u>	<u>(126.6)%</u>
Total net position	<u>\$ 13,828,817</u>	<u>\$ 13,226,198</u>	<u>\$ 602,619</u>	<u>4.6%</u>

**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**GOVERNMENT - WIDE FINANCIAL ANALYSIS - CONT'D**

The following is a summary of the District's Statements of Activities for the fiscal year ended June 30, 2021, and June 30, 2020.

**Table 2  
Statements of Activities  
Governmental Activities**

	<u>June 30, 2021</u>	<u>June 30, 2020 Restated</u>	<u>Increase (Decrease) Amount</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Recreation services	\$ 373,283	\$ 560,686	\$ (187,403)	(33.4)%
General revenues				
Property taxes and assessments	4,195,744	4,015,856	179,888	4.5%
Use of money and property	22,876	63,517	(40,641)	(64.0)%
Miscellaneous	<u>74,088</u>	<u>526,369</u>	<u>(452,281)</u>	<u>(85.9)%</u>
Total revenues	<u>4,665,991</u>	<u>5,166,428</u>	<u>(500,437)</u>	<u>(9.7)%</u>
<b>Expenses</b>				
Recreation and park activities	<u>4,063,372</u>	<u>4,543,976</u>	<u>(480,604)</u>	<u>(10.6)%</u>
Total expenses	<u>4,063,372</u>	<u>4,543,976</u>	<u>(480,604)</u>	<u>(10.6)%</u>
Change in net position	602,619	622,452	(19,833)	(3.2)%
Net position - beginning of year	<u>13,226,198</u>	<u>12,603,746</u>	<u>622,452</u>	<u>4.9%</u>
Net position - end of year	<u><u>\$ 13,828,817</u></u>	<u><u>\$ 13,226,198</u></u>	<u><u>\$ 602,619</u></u>	<u><u>4.6%</u></u>



**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**GOVERNMENT - WIDE FINANCIAL ANALYSIS - CONT'D**

**Capital Assets**

As of June 30, 2021, the District's investment in capital assets totaled \$13,346,353 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. Additional information about the District's capital assets can be found in Note 4 to the Basic Financial Statements.

The following is a summary of the District's capital assets and related accumulated depreciation as of June 30, 2021, and June 30, 2020.

**Table 3  
Capital Assets at Year-End  
Governmental Activities**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease) Amount</u>	<u>Percent Change</u>
Land	\$ 2,696,540	\$ 2,696,540	\$ -	0%
Construction in progress	526,796	1,140,695	(613,899)	(53.8)%
Site improvements	11,309,463	9,715,180	1,594,283	16.4%
Buildings and improvements	7,334,600	7,334,600	-	0%
Equipment	<u>515,561</u>	<u>420,559</u>	<u>95,002</u>	<u>22.6%</u>
Total	22,382,960	21,307,574	1,075,386	5.0%
Less: accumulated depreciation	<u>(9,036,607)</u>	<u>(8,365,067)</u>	<u>(671,540)</u>	<u>8.0%</u>
Capital assets, net	<u>\$ 13,346,353</u>	<u>\$ 12,942,507</u>	<u>\$ 403,846</u>	<u>3.1%</u>

All the capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. All capital assets are depreciated over their estimated useful lives, using the straight line method. See Note 2 in the basic financial statement for more detailed analyses.

**Projects completed during 2021 include:**

**Assessment District Improvements/Projects**

- Orville Wright Park playground
- Resurfacing Swanston Spray Park

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In reviewing the final budget versus actual activity, tax revenues were \$232,313 higher than projected as assessed property values continued to grow. Intergovernmental revenues were lower than the budgeted by \$91,347 due in part to less grant funding than anticipated. Other revenues were \$75,190 lower than budget due to unanticipated Sac Suburban Water reimbursements. Recreation revenues were \$114,672 lower due to a decrease in participants and new programs and activities.

**MISSION OAKS RECREATION & PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**GENERAL FUND BUDGETARY HIGHLIGHTS - CONT'D**

General fund expenditures were less than the budget by \$825,349. The difference was due mainly to the saving in salaries & benefits and services & supplies and because the District did not spend the contingency fund appropriation. The complete general fund budget to actual comparison schedule is included as required supplementary information following the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

The District has weathered economic conditions of the last few years by being financially conservative and with a “pay as you go” approach to spending. This has enabled the District to continue ADA improvements and safety improvements at various parks.

The worldwide pandemic created many challenges for the District. Fortunately, due to the conservative approach to the budget process, the District has been able to avoid many of the challenges that have plagued other Districts. The District retained all its fulltime employees during the statewide shut down. Another fortuitous event occurred when two high salaried employees left for retirement and other employment. This helped maintain salaries and an increase in PPE and sanitization across the District. The CIP program continued with plans to improve the Swanston Park Splash Pad and more ADA improvements. The District continued its relationship with the Sacramento Off-Duty Sheriff’s Patrol and others to has handle the growth of homelessness. All recreation events and programs were reduced to virtual status.

The District is entering into its 21st year of the Maintenance and Improvement Assessment which is an essential part of maintaining and improving the park system and program. The District will continue to be a good partner of the San Juan Unified School District and will continue to seek potential partners for continued growth for the Arden Arcade and Carmichael communities.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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:

District Administrator Daniel Barton  
(916) 488-7276 ext. 3011 or  
Mission Oaks Recreation & Park District  
(916) 488-2810.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT - WIDE FINANCIAL STATEMENTS**

**MISSION OAKS RECREATION & PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 4,045,198
Restricted cash and investments	79,054
Interest receivables	<u>9,915</u>
Total current assets	<u>4,134,167</u>
Noncurrent assets:	
Non-depreciable capital assets	3,223,336
Depreciable capital assets, net	<u>10,123,017</u>
Total noncurrent assets	<u>13,346,353</u>
Total assets	<u>17,480,520</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	1,516,574
Related to OPEB	<u>9,770</u>
Total deferred outflows of resources	<u>1,526,344</u>
Total assets and deferred outflows of resources	<u>19,006,864</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accruals	121,780
Accrued payroll	136,585
Compensated absences	<u>91,054</u>
Total current liabilities	<u>349,419</u>
Noncurrent liabilities:	
Deposits payable	543,211
Net pension liability	3,560,209
Total OPEB liability	<u>93,070</u>
Total noncurrent liabilities	<u>4,196,490</u>
Total liabilities	<u>4,545,909</u>

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

**MISSION OAKS RECREATION & PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	596,631
Related to OPEB	<u>35,507</u>
Total deferred inflows of resources	<u>632,138</u>
Total liabilities and deferred inflows of resources	<u>5,178,047</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,346,353
Restricted	424,388
Unrestricted	<u>58,076</u>
Total net position	<u>13,828,817</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 19,006,864</u></u>

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

**MISSION OAKS RECREATION & PARK DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position
Governmental activities:			
Recreation and park activities	\$ 4,063,372	\$ 373,283	\$ (3,690,089)
Total governmental activities	<u>\$ 4,063,372</u>	<u>\$ 373,283</u>	<u>(3,690,089)</u>
General revenue:			
Property taxes			3,163,259
Intergovernmental revenues			52,003
Special assessments - assessment District			1,032,485
Use of money and property			22,876
Donations, insurance proceeds, and other			<u>22,085</u>
Total general revenue			<u>4,292,708</u>
Change in net position			<u>602,619</u>
Net position - beginning of year			13,168,363
<i>Restatement</i>			<u>57,835</u>
Net position - beginning of year, <i>restated</i>			<u>13,226,198</u>
Net position - end of year			<u>\$ 13,828,817</u>

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

## **FUND FINANCIAL STATEMENTS**



**MISSION OAKS RECREATION & PARK DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Landscape and Lighting Assessment District</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,202,616	\$ 425,105	\$ 417,477	\$ 4,045,198
Restricted cash and investments	-	-	79,054	79,054
Interest receivables	<u>7,526</u>	<u>1,092</u>	<u>1,297</u>	<u>9,915</u>
Total assets	<u>3,210,142</u>	<u>426,197</u>	<u>497,828</u>	<u>4,134,167</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accruals	119,971	1,809	-	121,780
Accrued payroll	136,585	-	-	136,585
Deposits	<u>45,383</u>	<u>-</u>	<u>497,828</u>	<u>543,211</u>
Total liabilities	<u>301,939</u>	<u>1,809</u>	<u>497,828</u>	<u>801,576</u>
<b>FUND BALANCE</b>				
Reserved for landscape and lighting assessment	-	424,388	-	424,388
Unassigned	<u>2,908,203</u>	<u>-</u>	<u>-</u>	<u>2,908,203</u>
Total fund balance	<u>2,908,203</u>	<u>424,388</u>	<u>-</u>	<u>3,332,591</u>
Total liabilities and fund balance	<u>\$ 3,210,142</u>	<u>\$ 426,197</u>	<u>\$ 497,828</u>	<u>\$ 4,134,167</u>

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

**MISSION OAKS RECREATION & PARK DISTRICT  
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Fund balances of governmental funds	\$ 3,332,591
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	13,346,353
Liabilities are not due and payable with current financial resources and therefore are not reported in the governmental funds.	
Net pension liability and deferred inflows and outflows of resources	(2,640,266)
Total OPEB liability and deferred inflows and outflows of resources	(118,807)
Compensated absences payable	<u>(91,054)</u>
Net position - governmental activities	<u>\$ 13,828,817</u>

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

**MISSION OAKS RECREATION & PARK DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Landscape and Lighting Assessment District</u>	<u>Other Nonmajor funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 3,163,259	\$ -	\$ -	\$ 3,163,259
Intergovernmental revenues	52,003	-	-	52,003
Special assessments - assessment District	-	1,032,485	-	1,032,485
Charges for services	361,768	11,515	-	373,283
Use of money and property	20,424	2,452	-	22,876
Donations, insurance proceeds, and other	<u>21,886</u>	<u>199</u>	<u>-</u>	<u>22,085</u>
Total revenues	<u>3,619,340</u>	<u>1,046,651</u>	<u>-</u>	<u>4,665,991</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	1,950,150	-	-	1,950,150
Services and supplies	922,592	419,806	-	1,342,398
Capital outlay	<u>416,722</u>	<u>658,664</u>	<u>-</u>	<u>1,075,386</u>
Total expenditures	<u>3,289,464</u>	<u>1,078,470</u>	<u>-</u>	<u>4,367,934</u>
Net change in fund balance	<u>329,876</u>	<u>(31,819)</u>	<u>-</u>	<u>298,057</u>
Fund balance - beginning of year	2,474,858	456,207	45,634	2,976,699
<i>Restatement</i>	<u>103,469</u>	<u>-</u>	<u>(45,634)</u>	<u>57,835</u>
Fund balances - beginning of year, <i>restated</i>	<u>2,578,327</u>	<u>456,207</u>	<u>-</u>	<u>3,034,534</u>
Fund balance - end of year	<u><u>\$ 2,908,203</u></u>	<u><u>\$ 424,388</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,332,591</u></u>

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

**MISSION OAKS RECREATION & PARK DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Net changes in fund balances - total governmental funds \$ 298,057

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	1,075,386
Depreciation	(671,540)

Some expenses and changes in deferred outflows and inflows of resources reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	16,856
Total OPEB expenses	(4,013)
Net pension expenses	<u>(112,127)</u>

Change in net position - governmental activities	<u><u>\$ 602,619</u></u>
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**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - ORGANIZATION**

Mission Oaks Recreation & Park District (the "District") was organized in 1975 by a resolution passed by the County of Sacramento (the "County") Board of Supervisors, under the California Public Resources Code, Section 5780. It is operated under the direction of a five-member Advisory Board of Directors appointed by the Sacramento County Board of Supervisors. The District is dependent on the Sacramento County Board of Supervisors and its financial activities are processed through the County Auditor-Controller's Office. The District serves approximately 60,500 residents in an area of 9.1 square miles. The District develop and maintain 11 parks, totaling 88.75 acres. Six school parks were originally developed and maintained by the park District; however, two of those (Billy Mitchell and Starr King) were given back to the San Juan Unified School District. The remaining four school parks (Greer, Del Paso Manor, Cowan and Sierra Oaks), which amount to about 14 acres, continue to be maintained by Mission Oaks. In addition, the District maintains the County-owned Hazelwood Greens, a stormwater detention facility of about 2 acres. All totaled, the District provides a bit over 105 acres of parkland for the community's enjoyment. The District merged with Windemere Recreation and Park District on October 12, 1993.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to the U.S. generally accepted accounting principles as applicable to governmental units. The District's significant accounting policies are described below:

**A. Reporting Entity**

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. All such component units have been "blended" with the District's other fund types and account groups. All of the blended component units have June 30 year-ends.

Based upon the aforementioned oversight criteria, the following is a component unit:

- The Mission Oaks Landscape and Lighting District was formed by a majority vote of property owners as required by proposition 218. The property assessments began during the 1999-2000 fiscal year to provide additional funds needed for operational costs and capital improvements. The activities are included in the financial statements as a special revenue fund.

The District is a component unit of the County of Sacramento and its financial activities are included in the County's financial statements as a special revenue fund.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**B. Basis of Presentation**

The District's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

*Government - Wide Financial Statements:* The statement of net position and statement of activities display information about the primary government (the District) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient 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 of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled.

The fund financial statements provide information about the District's funds, including blended component units. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- ***General Fund*** - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.
- ***Landscape and Lighting Assessment*** District - This fund was established to account for a District-Wide assessment that can be used for certain operational expenditures and capital additions of the District.

**C. Basis of Accounting and Measurement Focus**

The government - wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of when the related cash flow takes place. 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.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**C. Basis of Accounting and Measurement Focus - Cont'd**

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.

**D. Noncurrent Governmental Assets/Liabilities**

GASB Statement 34 eliminated the presentation of account groups, but provided for these records to be maintained and incorporated the information into the Governmental Activities column in the government-wide statement of net position.

**E. 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.

**F. Budgets and Budgetary Accounting**

As required by State law, the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

Budgets for the general and special revenue funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the debt service fund are used for management and control purposes only.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Advisory Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Advisory Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Advisory Board of Directors.

**G. Property Taxes**

The District receives property taxes from the County of Sacramento, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**H. Compensated Absences**

Compensated absences represent the vested portion of accumulated vacation and sick leave. In accordance with GASB Statement No. 16, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees, such as Medicare taxes. A current liability has been recorded in the governmental fund type to account for these vested leave accruals, which are expected to be used within the next fiscal year. At June 30, 2021, a long-term liability for unpaid vacation and sick leave has been recorded in the government-wide statement of net position representing the District's commitment to fund such costs from future operations.

**I. Capital Assets and Depreciation**

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed capital assets are valued at their acquisition value. Capital assets include land, buildings and building improvements, and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

Asset Type	Useful Life
Buildings	30 years
Buildings and improvements	15 years
Site improvements	10 to 20 years
Equipment and machinery	5 to 20 years

**J. Fund Balances**

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

- *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.



**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**J. Fund Balances - Cont'd**

- *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 classification is the residual classification for the general fund.

The District's policy is to spend restricted amounts first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned, and then unassigned.

**K. 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.

**L. Pension Plan**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Sacramento County Employees' Retirement System (SCERS) plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Retiree Benefits Plan and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, OPEB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheets reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources of \$1,516,574 and \$9,770 for pensions and OPEB, respectively.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**N. Deferred Outflows/Inflows of Resources - Cont'd**

In addition to liabilities, the statement of net position and balance sheets reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. The District has deferred inflows of resources of \$596,631 and \$35,507 for pensions and OPEB, respectively.

**O. Use of Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**P. Accounting Pronouncements**

**Current Accounting Pronouncements** - The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

*GASB Statement No. 84 "Fiduciary Activities"*: The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

*GASB Statement No. 90 "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61"*: The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

*GASB Statement No. 93 "Replacement of Interbank Offered Rates"*: The provisions of this statement are effective for reporting periods beginning after June 15, 2020.

**Future Accounting Pronouncements** - The GASB Statements listed below will be implemented in future financial statements:

*GASB Statement No. 87 "Leases"*: The provisions of this statement are effective for reporting periods beginning after June 15, 2021.

*GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"*: The provisions of this statement are effective for reporting periods beginning after December 15, 2021.

*GASB Statement No. 91 "Conduit Debt Obligations"*: The provisions of this statement are effective for reporting periods beginning after December 15, 2021.

*GASB Statement No. 92 "Omnibus 2020"*: The provisions of this statement are effective for reporting periods beginning after June 15, 2021.

*GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payments Arrangements"*: The provisions of this statement are effective for reporting periods beginning after June 15, 2022.

*GASB Statement No. 96 "Subscription-Based Information Technology Arrangements"*: The provisions of this statement are effective for reporting periods beginning after June 15, 2022.

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**P. Accounting Pronouncements - Cont'd**

*GASB Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32":* The provisions of this statement are effective for reporting periods beginning after June 15, 2021.

**NOTE 3 - CASH AND INVESTMENTS**

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

	<u>Amount</u>
Cash and investments with the County Treasurer	\$ 4,043,198
Imprest cash	2,000
Total cash and investments	\$ 4,045,198

**A. 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 Mission Oaks Recreation & 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	100%	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	270 days	40%	None
Negotiable Certificates of Deposit	180 days	30%	None
Repurchase Agreements	1 year	30%	None
Corporate Debt	5 years	25%	None

**B. 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:

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONT'D**

**B. Disclosures Relating to Interest Rate Risk - Cont'd**

Investment Type	Totals	Remaining Maturity (in Months)			
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months
Sacramento County*	\$ 4,043,198	\$ 4,043,198	\$ -	\$ -	\$ -
Total	<u>\$ 4,043,198</u>	<u>\$ 4,043,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*\* Not subject to categorization*

**C. 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.

**D. 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.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,696,540	\$ -	\$ -	\$ 2,696,540
Construction in progress	<u>1,140,695</u>	<u>526,796</u>	<u>(1,140,695)</u>	<u>526,796</u>
Total capital assets, not being depreciated	<u>3,837,235</u>	<u>526,796</u>	<u>(1,140,695)</u>	<u>3,223,336</u>
Capital assets, being depreciated				
Site improvements	9,715,180	1,594,283	-	11,309,463
Buildings and improvements	7,334,600	-	-	7,334,600
Equipment	<u>420,559</u>	<u>95,002</u>	<u>-</u>	<u>515,561</u>
Total capital assets, being depreciated	<u>17,470,339</u>	<u>1,689,285</u>	<u>-</u>	<u>19,159,624</u>
Less: accumulated depreciation	<u>(8,365,067)</u>	<u>(671,540)</u>	<u>-</u>	<u>(9,036,607)</u>
Total capital assets, being depreciated net	<u>9,105,272</u>	<u>1,017,745</u>	<u>-</u>	<u>10,123,017</u>
Governmental activities capital assets, net	<u>\$ 12,942,507</u>	<u>\$ 1,544,541</u>	<u>\$ (1,140,695)</u>	<u>\$ 13,346,353</u>

Depreciation expense for the year ended June 30, 2021 was \$671,540.

**NOTE 5 - LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Net pension liability	\$ 2,635,102	\$ 925,107	\$ -	\$ 3,560,209
Total OPEB liability	73,970	19,100	-	93,070
Compensated absences	<u>107,910</u>	<u>-</u>	<u>(16,856)</u>	<u>91,054</u>
Totals	<u>\$ 2,816,982</u>	<u>\$ 944,207</u>	<u>\$ (16,856)</u>	<u>\$ 3,744,333</u>

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 - NET POSITION/FUND BALANCES**

**Net Position** - The government-wide financial statements utilize a net position presentation. Net position are categorized as net investment of capital asset, restricted, and unrestricted.

- *Net Investment of Capital Asset:* This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position:* This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law though constitutional provisions or enabling legislation.
- *Unrestricted Net Position:* This category represents net position of the District, not restricted for any project or other purpose.

**Fund Balances** - In the fund financial statements, reserves segregate portions of fund balance that are either not available or have been earmarked for specific purposes.

As of June 30, 2021, reservations of fund balance are as described below:

The term “reserved” is used to indicate that a portion of the reported fund balance is legally restricted to a specific purpose or not available for appropriation or expenditure. The District has reserved fund balances as follows:

- *Reserved for landscape and lighting assessment:* The unavailable for appropriation because the District must use these funds for future capital improvements in lieu of developers directly making improvements.

**NOTE 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other Districts in the State carry California Association of Park Recreation Insurance (CAPRI), a public entity risk pool currently operating as common risk management and insurance program for member Districts. The District pays an annual premium to CAPRI for its general insurance coverage and worker's compensation coverage. Membership in the California Association of Recreation and Park Districts is required when applying for either CAPRI. The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums and will reinsure through commercial companies for claims up to \$10,000,000 for general and automobile liability and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible occurrence payable by the District. Financial statements for CAPRI are available at the District's office.

**NOTE 8 - TRUST ACCOUNTS**

*Park Dedication Trust Fund*

The County maintains two 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 including a separate trust established within the merged Windemere Recreation and Park boundaries. The use of the developer in lieu funds is restricted under the Quimby Act for the purpose of providing park and recreation facilities to serve the population. These funds are accounted for in a special revenue fund for financial statement presentation and are available to the District upon approval from the District's Advisory Board of Directors.

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN**

**A. General Information about the Pension Plans**

**Plan Descriptions** - The District contributes to the Sacramento County Employees' Retirement System (the "SCERS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the 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. The SCERS issues a separate actuarial report that includes financial statements and required supplementary information at [www.scers.org](http://www.scers.org).

**Benefits Provided** - The SCERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Active plan members in the District's defined pension plan are required to contribute 9.45% of their bi-weekly salary. Mission Oaks does not contribute to Social Security. 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 Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

Hire Date	Prior To January 1, 2013	On or After January 1, 2013
Benefit Formula	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for Life	Monthly for Life
Retirement payments	50 - 55	52 - 67
Monthly benefits as a % of eligible	1.50% to 2.00%	1.00% to 2.00%
Required member contribution rates	5.51%	9.45%
Required employer contribution rates	35.58%	29.49%

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the total employer contributions made were \$349,288. The District presently makes contributions on behalf of its employees.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2021, the District reported a net pension liability of \$3,560,209 in the Statement of Net Position for its proportionate share of the net pension liability. The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. For the June 30, 2021 reporting period, the net pension liability of each of the Plan is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, actuarially determined.

For the years ended June 30, 2021, the District recognized a pension expense of \$112,127. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience in the total pension liability	\$ 102,064	\$ (7,261)
Changes of assumptions or other inputs	501,170	-
Net differences between actual and projected earnings on pension plan investments	454,718	(343,669)
Change in proportion and differences between the employer's contributions and proportionate share of contributions	109,334	(245,701)
Pension contributions subsequent to measurement date	<u>349,288</u>	<u>-</u>
Totals	<u>\$ 1,516,574</u>	<u>\$ (596,631)</u>

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 187,046
2023	61,475
2024	145,701
2025	<u>176,433</u>
Total	<u>\$ 570,655</u>



**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions - Cont'd**

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 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.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry - Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	6.75%
Inflation Rate	2.75%
Projected salary increase	4.25% to 10.50%

**Discount Rate** - The discount rates used to measure the total pension liability (TPL) were 6.75% and 7.00% as of valuation dates June 30, 2019 and June 30, 2018, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2019 and June 30, 2018 valuation dates.

**Long-Term Expected rate of Return by Asset Class** - The long-term expected rate of return on pension plan investments was determined in 2020 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the June 30, 2019 actuarial valuations. This information will change every three years in the actuarial experience study.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions - Cont'd**

**Long-Term Expected rate of Return by Asset Class - Cont'd**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	18.00%	5.42%
U.S. Small Cap Equity	2.00%	6.21%
International Developed Equity	16.00%	6.50%
Emerging Markets Equity	4.00%	8.80%
High Yield Bonds	1.00%	3.40%
Bank Loans	1.00%	3.89%
Core Plus Bonds	10.00%	1.13%
Global Bonds	3.00%	(0.04%)
U.S. Treasury	5.00%	0.30%
Real Estate	5.00%	4.57%
Cash	1.00%	(0.03%)
Liquid Real Return	2.00%	4.47%
Hedge Fund Growth	3.00%	2.40%
Hedge Fund Diversifying	7.00%	2.40%
Value Added Real Estate	2.00%	8.10%
Private Equity	9.00%	9.40%
Private Real Assets	7.00%	8.05%
Private Credit	4.00%	5.60%

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -**

The following presents the District's proportionate share of the net pension liability for each Plan, as of June 30, 2020, calculated using the discount rate of 6.75% for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 5,834,972	\$ 3,560,209	\$ 1,698,047

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN**

Effective April 16, 2007, the District began a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is established as an alternative plan to social security and requires all District seasonal employees, who are not participants in SCERS, to defer a portion of their salary until future years. Plan provisions are established or amended by District board resolution. The District contributes 0% and the seasonal employees contribute 7.50% of their salary. Participants vest at service inception and are entitled to 100% of vested contributions.

**NOTE 11 - POST-RETIREMENT HEALTHCARE BENEFITS**

Regular Full-time and Regular part-time annuitants of the District are eligible to participate in the Retiree Health and Dental Insurance Program. Whether health plan offerings continue is vested within the sole discretion of the Sacramento County Board of Supervisors. Whether or not subsidization continues, and if so, the level of the subsidy, or whether or not the District continues participation in the County Retiree Medical and Dental Insurance Program is vested within the sole discretion of the District through agreement with the County of Sacramento. The District does not fund the retiree healthcare benefits, but rather utilizes the “pay as you go” method.

**NOTE 12 - EMPLOYEE BENEFIT PLANS**

**A. Deferred Compensation Pension Plan**

The plan is a single-employer plan with the assets held in trust by VALIC. All full-time salaried and/or part-time employees are eligible but not required to participate in the plan. The plan is defined in the Internal Revenue Code Section 457. The plan is funded by employee contributions. There are no employer matching contributions.

Participant’s accounts are credited with the employee contributions. Investment earnings and losses as well as administrative expenses are also charged to participant accounts. Allocations are based on participant’s earnings and losses of chosen investments or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant’s account. In case of partial or complete termination of the plan the rights to the plan benefits become fully vested regardless of any other provisions of the plan and trusts. The trust accounts would continue until all accounts have been distributed in accordance with the provisions of the plan.

Upon participant termination from services due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant’s vested interest in his or her account or installments over a period selected by the participant. For termination of service due to other reasons, a participant may receive the vested interest in his or her account as a lump-sum distribution. The portion of the account that is not vested upon termination will be used to offset future employer contributions.

**B. Other Post-Employment Benefits (OPEB)**

At June 30, 2021, total OPEB liability and related deferred outflows/inflows of resources are as follows:

Deferred outflows of resources	\$	9,770
Total OPEB liability	\$	93,070
Deferred inflows of resources	\$	(35,507)

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 - EMPLOYEE BENEFIT PLANS - CONT'D**

**B. Other Post-Employment Benefits (OPEB) - Cont'd**

**Covered Participants** - As of June 30, 2020, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive Employees Receiving Benefit Payments	6
Inactive entitled to but not yet receiving benefits	18
Participating Active Employees	<u>20</u>
Total Number of Participants	<u><u>44</u></u>

The number of *"inactive employees currently receiving benefits"* includes all retirees participating in a County medical or dental healthcare plan. The number of *"inactive employees entitled to but not yet receiving benefits"* includes all retirees and vested terminations not participating in a County medical or dental plan as of the last actuarial valuation date of June 30, 2019 but can elect to participate in the future.

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Actuarial Valuation Date	June 30, 2019
Contribution Policy	No pre-funding
Discount Rate	2.21% at June 30, 2020 (Bond Buyer 20-Bond Index)
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	June 30, 2019 SCERS Valuation
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Salary Increases	Aggregate - 3% annually
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Healthcare Participation at Retirement	<ul style="list-style-type: none"> <li>• Active: <ul style="list-style-type: none"> <li>• Covered: 45%</li> <li>• Waived: 20%</li> </ul> </li> <li>• Current and future vested terminations: 5%</li> </ul>

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 - EMPLOYEE BENEFIT PLANS - CONT'D**

**B. Other Post-Employment Benefits (OPEB) - Cont'd**

**Change in the Total OPEB Liability** - Following are changes in total OPEB liability during the year:

Balance at June 30, 2020	<u>\$ 73,970</u>
Changes recognized for year:	
Service cost	11,370
Interest	2,957
Assumption changes	6,464
Benefit payments	<u>(1,691)</u>
Net changes	<u>19,100</u>
Balance at June 30, 2021	<u><u>\$ 93,070</u></u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The total OPEB Liability of the District, as well as what the District's total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher are as follows:

	<u>1 % Discount Rate</u> <u>(1.21%)</u>	<u>Current Discount Rate</u> <u>(2.21%)</u>	<u>1 % Discount Rate</u> <u>(3.21%)</u>
Total OPEB liability	\$ 98,116	\$ 93,070	\$ 88,043

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The total OPEB Liability of the District, as well as what the District's total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates are as follows:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB liability	\$ 82,512	\$ 93,070	\$ 105,697

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** - For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$4,013. As of fiscal year ended June 30, 2021, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (14,958)
Employer contributions made subsequent to the measurement date	4,168	-
Changes in assumptions	<u>5,602</u>	<u>(20,549)</u>
Total	<u><u>\$ 9,770</u></u>	<u><u>\$ (35,507)</u></u>

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 - EMPLOYEE BENEFIT PLANS - CONT'D**

**B. Other Post-Employment Benefits (OPEB) - Cont'd**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - Cont'd**

The \$4,168 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2022	\$ (6,146)
2023	(6,146)
2024	(5,649)
2025	(5,183)
2026	(5,098)
Thereafter	(1,683)
	\$ (29,905)

**NOTE 13 - CONTINGENT LIABILITIES**

Grants are subject to audit to determine compliance with their requirements. The 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 which would have a material effect on the financial condition or liquidity of the District.

**NOTE 14 - PARK IMPACT FEES**

The District Park Development Impact Fee Program was established to finance construction of park and recreational facilities including community use facilities, the District and County park impact fee administration costs, and other related facility costs resulting from population growth caused by new development in the District's Park Development Impact Fee Program area. These funds are held by the County of Sacramento.

**NOTE 15 - RESTATEMENT**

During the fiscal year that ended June 30, 2021, the District found that the changes to the beginning's net position and fund balances were necessary because accounts receivable, deposit payable, and accounts payable were not properly recorded on its previous year's financial statements. As a result, following the prior period, adjustments have been made in the District's financial statements to record the proper beginning net position and fund balances:

**MISSION OAKS RECREATION & PARK DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 15 - RESTATEMENT - CONT'D**

		<u>Governmental Activities</u>
Net position previously reported, June 30, 2020	\$	13,168,363
Decrease in accounts receivable		(375,044)
Increase in deposit payable		(110,602)
Decrease in accounts payable		543,481
Net position, as <i>restated</i> , July 1, 2020	\$	<u>13,226,198</u>

	<u>General Fund</u>	<u>Park Development Fees</u>	<u>Developer In-Lieu Fees</u>
Fund balances previously reported, June 30, 2020	\$ 2,474,858	\$ 43,865	\$ 1,769
Decrease in accounts receivable	(375,044)	-	-
Increase in deposit payable	(64,968)	(43,865)	(1,769)
Decrease in accounts payable	543,481	-	-
Fund balances, as <i>restated</i> , July 1, 2020	<u>\$ 2,578,327</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 16 - SUBSEQUENT EVENTS**

The management of the District has reviewed subsequent events through March 25, 2024, the date that the financial statements were available to be released. No items that required additional disclosure or adjustment to the June 30, 2021 financial statements were noted during this review.

**REQUIRED SUPPLEMENTARY INFORMATION**



**MISSION OAKS RECREATION & PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 2,930,946	\$ 2,930,946	\$ 3,163,259	\$ 232,313
Intergovernmental revenues	143,350	143,350	52,003	(91,347)
Charges for services	476,440	476,440	361,768	(114,672)
Use of money and property	62,500	62,500	20,424	(42,076)
Donations, insurance proceeds, and other	<u>55,000</u>	<u>55,000</u>	<u>21,886</u>	<u>(33,114)</u>
Total revenues	<u>3,668,236</u>	<u>3,668,236</u>	<u>3,619,340</u>	<u>(48,896)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	2,352,633	2,352,633	1,950,150	402,483
Services and supplies	1,160,180	1,160,180	922,592	237,588
Interfund charges/Contingency	152,000	152,000	-	152,000
Capital outlay	<u>450,000</u>	<u>450,000</u>	<u>416,722</u>	<u>33,278</u>
Total expenditures	<u>4,114,813</u>	<u>4,114,813</u>	<u>3,289,464</u>	<u>825,349</u>
Net change in fund balance	<u>(446,577)</u>	<u>(446,577)</u>	<u>329,876</u>	<u>776,453</u>
Fund balance - beginning of year	2,474,858	2,474,858	2,474,858	-
<i>Restatement</i>	<u>103,469</u>	<u>103,469</u>	<u>103,469</u>	<u>-</u>
Fund balances, beginning of year, <i>restated</i>	<u>2,578,327</u>	<u>2,578,327</u>	<u>2,578,327</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 2,131,750</u></u>	<u><u>\$ 2,131,750</u></u>	<u><u>\$ 2,908,203</u></u>	<u><u>\$ 776,453</u></u>

See accompanying notes to required supplementary information.

**MISSION OAKS RECREATION & PARK DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT  
 FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Special assessments - assessment District	\$ 1,027,346	\$ 1,027,346	\$ 1,032,485	\$ 5,139
Charges for services	-	-	11,515	11,515
Use of money and property	-	-	2,452	2,452
Donations, insurance proceeds, and other	-	-	199	199
Total revenues	<u>1,027,346</u>	<u>1,027,346</u>	<u>1,046,651</u>	<u>19,305</u>
<b>EXPENDITURES</b>				
Current:				
Services and supplies	365,000	365,000	419,806	(54,806)
Capital outlay	<u>777,627</u>	<u>777,627</u>	<u>658,664</u>	<u>118,963</u>
Total expenditures	<u>1,142,627</u>	<u>1,142,627</u>	<u>1,078,470</u>	<u>64,157</u>
Net change in fund balance	(115,281)	(115,281)	(31,819)	83,462
Fund balance - beginning of year	<u>456,208</u>	<u>456,208</u>	<u>456,207</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 340,927</u></u>	<u><u>\$ 340,927</u></u>	<u><u>\$ 424,388</u></u>	<u><u>\$ 83,462</u></u>

See accompanying notes to required supplementary information.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE LAST 10 YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate share percentage of collective net pension liability (%)	0.131%	0.128%	0.147%	0.154%	0.100%	0.095%	0.083%	0.099%
Proportionate share of collective net pension liability	\$ 3,560,209	\$ 2,635,102	\$ 2,892,660	\$ 3,224,108	\$ 1,751,847	\$ 1,090,155	\$ 643,111	\$ 1,406,740
Covered payroll	\$ 1,120,000	\$ 1,101,000	\$ 1,148,000	\$ 1,116,000	\$ 782,000	\$ 851,000	\$ 826,000	\$ 790,000
Proportionate share of the net pension liability as a percentage of covered payroll	317.88%	239.34%	251.97%	288.90%	224.02%	128.10%	77.86%	178.07%
Plan fiduciary net position as a percentage of the total pension liability	80.55%	85.10%	84.67%	82.52%	83.21%	89.46%	93.16%	83.94%

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**MISSION OAKS RECREATION & PARK DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSION PLAN  
FOR THE LAST TEN YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 349,288	\$ 338,000	\$ 315,000	\$ 330,000	\$ 221,000	\$ 258,000	\$ 232,000
Contributions in relation to the contractually determined contribution	<u>349,288</u>	<u>338,000</u>	<u>315,000</u>	<u>330,000</u>	<u>221,000</u>	<u>258,000</u>	<u>232,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,120,000	\$ 1,101,000	\$ 1,148,000	\$ 1,116,000	\$ 782,000	\$ 851,000	\$ 826,000
Contributions as a percentage of covered payroll	31.19%	30.70%	27.44%	29.57%	28.26%	30.32%	28.09%

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**MISSION OAKS RECREATION & PARK DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE LAST TEN YEARS\***

	Fiscal Year Ending			
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability:</b>				
Service cost	\$ 11,370	\$ 10,931	\$ 11,027	\$ -
Interest	2,957	4,485	3,895	-
Differences between expected and actual experience	-	(20,398)	-	-
Changes of assumptions	6,464	(24,297)	(1,381)	-
Benefit payments	<u>(1,691)</u>	<u>(3,411)</u>	<u>(9,316)</u>	<u>-</u>
Net change in total OPEB liability	19,100	(32,690)	4,225	-
Total OPEB Liability - beginning	<u>73,970</u>	<u>106,660</u>	<u>102,435</u>	<u>-</u>
Total OPEB Liability - ending	<u><u>\$ 93,070</u></u>	<u><u>\$ 73,970</u></u>	<u><u>\$ 106,660</u></u>	<u><u>\$ 102,435</u></u>
 OPEB-eligible payroll for the measurement period	 N/A	 N/A	 N/A	 N/A
Total OPEB Liability as a % of eligible payroll	N/A	N/A	N/A	N/A

\* Fiscal year 2019 was the 1st year of implementation, therefore three years are shown.

**MISSION OAKS RECREATION & PARK DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

As required by State law, the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

The budgets for the general fund and special revenue funds are adopted on the modified accrual basis of accounting

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Mission Oaks Recreation & Park District  
Carmichael, 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 aggregate remaining fund information of the Mission Oaks Recreation & Park District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2024.

**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) as a basis for designing 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 financial statements. 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.

*Harshmal & Company LLP*

Oakland, California  
March 25, 2024

**MISSION OAKS RECREATION & PARK DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
• Noncompliance material to financial statements noted?	No

**MISSION OAKS RECREATION & PARK DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the fiscal year ended June 30, 2021.

**MISSION OAKS RECREATION & PARK DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I - STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no findings reported in prior year.