

**RIO LINDA & ELVERTA
RECREATION AND PARK DISTRICT**

**FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT THEREON**

JUNE 30, 2023

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Financial Statements with Required Supplementary Information
June 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	9
Notes to the Financial Statements	10-27
Required Supplementary Information:	
Budgetary Comparison General Fund.....	28
Notes to the Required Supplementary Information	29
Required Supplementary Information - Pensions	30

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rio Linda-Elverta Recreation and Park District
Rio Linda, California

Opinions

We have audited the accompanying financial statements of the business-type activities of Rio Linda-Elverta Recreation and Park District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rio Linda-Elverta Recreation and Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rio Linda-Elverta Recreation and Park District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rio Linda-Elverta Recreation and Park District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rio Linda-Elverta Recreation and Park District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rio Linda Elverta Recreation and Park District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rio Linda Elverta Recreation and Park District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Pension supplementary disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Matter

Accounting principles generally accepted in the United States of America require that Management present Management's Discussion and Analysis, the District has elected to omit this required report, our opinion is not modified with regard to this omission.

Fechter & Company,
Certified Public Accountants


Sacramento, California
January 9, 2024

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets

Current assets	
Cash and investments	\$ 2,129,661
Accounts receivable	99,891
Restricted cash and investments	<u>2,035,949</u>
Total current assets	4,265,501

Capital assets	
Nondepreciated assets	964,467
Depreciable assets net of accumulated depreciation	<u>2,066,531</u>
Total	<u>3,030,998</u>

Total Assets 7,296,499

Deferred outflows of resources 177,708

Liabilities

Current liabilities	
Claims payable	268,276
Accrued payroll	57,371
Current portion of leases payable	29,176
Deposits	7,028

Noncurrent liabilities:	
Compensated absences	45,468
Lease payable	17,979
Net pension liability	<u>230,225</u>

Total Liabilities 655,523

Deferred inflows of resources 44,676

Net Position

Net invested in capital assets	2,938,375
Restricted developer fees	2,021,930
Restricted for foundation	63,274
Unrestricted	<u>1,750,429</u>

Net Position \$ 6,774,008

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Contributions and Grants	
Governmental Activities:				
Recreation	\$ 1,598,815	\$ 387,066	\$ 62,119	\$ (1,149,630)
Total Governmental Activities	<u>\$ 1,598,815</u>	<u>\$ 387,066</u>	<u>\$ 62,119</u>	<u>(1,149,630)</u>
General Revenues:				
				1,528,958
				200,000
				129,186
				14,465
				<u>56,063</u>
				1,928,672
				779,042
				<u>5,994,966</u>
				<u>\$ 6,774,008</u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
BALANCE SHEET
JUNE 30, 2023

	General Fund	In-Lieu Fee Fund	Park Development Fees Fund	RLE Foundation For the Future	Total Governmental Funds
Assets					
Cash and investments	\$2,129,662	\$ -	\$ -	\$ -	\$ 2,129,662
Accounts receivable	50,635	602	48,653	-	99,890
Restricted cash and investments	110,573	27,020	1,835,082	63,274	2,035,949
Total Assets	\$2,290,870	\$ 27,622	\$ 1,883,735	\$ 63,274	\$ 4,265,501
Liabilities					
Current liabilities					
Claims payable	\$ 268,276	\$ -	\$ -	\$ -	\$ 268,276
Due to (from) other funds	110,573	(110,573)	-	-	-
Accrued payroll	57,371	-	-	-	57,371
Deposits	7,028	-	-	-	7,028
Total Liabilities	443,248	(110,573)	-	-	332,675
Fund Balances					
Restricted developer fees	-	138,195	1,883,735	-	2,021,930
Restricted for Foundation	-	-	-	63,274	63,274
Unassigned	1,847,622	-	-	-	1,847,622
Total Fund Balances	1,847,622	138,195	1,883,735	63,274	3,932,826
Total Liabilities and Fund Balances	\$2,290,870	\$ 27,622	\$ 1,883,735	\$ 63,274	\$ 4,265,501

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund Balances of Governmental Funds	\$	3,932,826
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds		3,030,998
Deferred outflows of resources reported in the statement of net position		177,708
Deferred inflows of resources reported in the statement of net position		(44,676)
Lease liability		(47,155)
Net pension liability		(230,225)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds		<u>(45,468)</u>
Net position of governmental activities	\$	<u><u>6,774,008</u></u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED
June 30, 2023

	General Fund	In-Lieu Fee Fund	Park Development Fees Fund	RLE Foundation For the Future	Total Governmental Funds
Revenues					
Property taxes	\$ 1,458,970	\$ -	\$ -	\$ -	\$ 1,458,970
Assessments	10,181	160	59,647	-	69,988
Intergovernment revenues	200,000	-	-	-	200,000
Use of money and property	56,198	883	72,105	-	129,186
Charges for current services	387,066	-	-	-	387,066
Proceeds from sale of asset	14,465	-	-	-	14,465
Donations	-	-	-	38,119	38,119
In-kind donations	-	-	-	24,000	24,000
Other revenues	56,063	-	-	-	56,063
Total Revenues	2,182,943	1,043	131,752	62,119	2,377,857
Expenditures					
Current:					
Recreation services	1,521,181	-	6,903	12,059	1,540,143
Lease interest	1,367	-	-	-	1,367
In-kind rent	-	-	-	24,000	24,000
Fundraising	-	-	-	4,902	4,902
Lease principle payments	28,562	-	-	-	28,562
Capital outlay	906,795	-	-	-	906,795
Total Expenditures	2,457,905	-	6,903	40,961	2,505,769
Net Change in Fund Balances	(274,962)	1,043	124,849	21,158	(127,912)
Other Financing Sources (Uses)					
Operating transfers in	443,692	-	-	-	443,692
Operating transfers (out)	-	-	(443,692)	-	(443,692)
Total Other Financing Sources (Uses)	443,692	-	(443,692)	-	-
Excess (Deficit) of Revenues and Other Sources Over (Under)					
Expenditures and Other Uses	168,730	1,043	(318,843)	21,158	(127,912)
Fund Balances, July 1, 2022	1,678,892	137,152	2,202,578	42,116	4,060,738
Fund Balances, June 30, 2023	<u>\$ 1,847,622</u>	<u>\$ 138,195</u>	<u>\$ 1,883,735</u>	<u>\$ 63,274</u>	<u>\$ 3,932,826</u>

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (127,912)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	906,795
Depreciation expense	(166,371)
Repayment of lease liability	28,562
Amortization of lease right of use asset	(2,840)
Change in net pension liability and related accounts	137,743
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	3,065
Change in net position of governmental activities	\$ 779,042

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2023

Note 1: Summary of Significant Accounting Policies

The Rio Linda-Elverta Recreation and Park District (District) was established in 1990, as a reorganization consisting of the formation of the District and the dissolution of County Service Area No. 3. It is operated under the advisement of a five-member Board of Directors duly elected and empowered by the electorate with sole authority over the District's operations. Although the District is now independent from the Sacramento County's Board of Supervisors, its financial activities are still processed through the Sacramento County Auditor-Controller's Office.

In addition to providing recreational programs and services to the community, the District maintains park sites. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

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

The Rio Linda-Elverta Foundation for the Future (Foundation) was created as a nonprofit entity under section 501(c)(3) to receive donations, obtain grants, and conduct fundraising events to generate revenues that will enhance the Districts recreation and park programs. The Foundation also accounts for the activities of several partner groups that are organized and provide services within the District. The Foundation is reported as a blended component unit of the District because the District governing body is also the governing body of the Foundation. The Foundation is accounted for as a special revenue fund in the District's fund financial statements.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 1: Summary of Significant Accounting Policies - continued

B. Basis of Accounting

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 the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences, claims, and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

D. Basis of Presentation

The accounts 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. For financial reporting, these funds have been grouped into the fund types discussed below.

Governmental Fund Types

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. Following are the District's governmental funds:

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 1: Summary of Significant Accounting Policies - continued

D. Basis of Presentation - continued

Governmental Fund Types - continued

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.

Special Revenue Funds – These funds account for the activity of the developer in lieu fees and the Rio Linda-Elverta Foundation for the Future that are legally restricted to expenditures for specific purposes.

E. Use of Estimates

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

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose, such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

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

H. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation. In accordance with GASB 16, the liability for accumulated leave includes all salary-related payments that are directly and incrementally connected with leave payments to employees, such as retirement pay. 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.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 1: Summary of Significant Accounting Policies - continued

I. Property Taxes

The District receives property taxes from the County of Sacramento (County), 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.

J. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	10-20 years
Site improvements	10-20 years
Equipment and machinery	5 to 20 years

K. Fund Balances

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

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 1: Summary of Significant Accounting Policies – continued

K. Fund Balances - continued

government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e., prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (i.e., fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

Note 2: Cash and Investments

Cash and investments at June 30, 2023, consisted of the following:

	2023
Imprest cash	\$ 300
Cash in Holding account	430,629
Cash in Foundation account	63,273
Cash and investments with the County	<u>3,742,589</u>
 Total cash and investments	 <u>\$ 4,236,791</u>

Reconciliation to Statement of Net Position:

Unrestricted cash and investments	\$ 2,151,587
Restricted cash and investments	<u>2,085,204</u>
	 <u>\$ 4,236,791</u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 2: Cash and Investments – continued

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 Rio Linda-Elverta Recreation and Park District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

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:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13 – 48 Months</u>
Sacramento County*	\$ 3,742,589	\$ 3,742,589	-
Total	<u>\$ 3,742,589</u>	<u>\$ 3,742,589</u>	<u>\$ -</u>

*Not subject to categorization

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2023

Note 2: Cash and Investments - continued

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 secure 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.

At June 30, 2023, the District's deposits balance was \$493,902 and the carrying amount was \$493,902. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation and none was covered by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

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.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 3: Capital Assets

Activity for general fixed assets capitalized by the District is summarized below:

	Balance June 30, 2022	Additions	Disposals	Reclassifications	Balance June 30, 2023
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Land	\$ 131,135	\$ -	\$ -	\$ -	\$ 131,135
Construction in progress	25,053	802,292	-	5,988	827,345
Total capital assets, not being depreciated	<u>131,135</u>	<u>802,292</u>	<u>-</u>	<u>5,988</u>	<u>958,480</u>
Capital assets, being depreciated:					
Buildings and improvements	1,975,744	6,136	-	(5,988)	1,981,880
Site improvements	1,814,075	-	-	-	1,814,075
Equipment	642,361	98,367	(39,033)	-	701,695
Total capital assets, being depreciated	<u>4,432,180</u>	<u>104,503</u>	<u>(39,033)</u>	<u>(5,988)</u>	<u>4,497,650</u>
Less: Total accumulated depreciation	<u>(2,294,953)</u>	<u>(169,211)</u>	<u>39,033</u>	<u>-</u>	<u>(2,425,131)</u>
Total capital assets, being depreciated, net	<u>2,137,227</u>	<u>(64,708)</u>	<u>-</u>	<u>(5,988)</u>	<u>2,072,519</u>
Governmental activities, capital assets, net	<u>\$ 2,268,362</u>	<u>737,583</u>	<u>-</u>	<u>-</u>	<u>\$ 3,030,998</u>

Depreciation and amortization expense for the fiscal year ended June 30, 2023, was \$169,211.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 4: Long-Term Liabilities

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2022:

Long-term obligations consisted of the following:

	Balance			Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Compensated absences	\$ 48,533	\$ -	\$ (3,065)	\$ 45,468
Net pension liability	<u>22,402</u>	<u>207,823</u>	<u>-</u>	<u>230,225</u>
Totals	<u>\$ 70,935</u>	<u>\$207,823</u>	<u>\$ (3,065)</u>	<u>\$ 275,693</u>

Compensated Absences

The District recognizes the accumulated unpaid employee vacation time off as a liability and the long-term portion is recorded as compensated absences in the Government-Wide Statement of Net Position. The current portion, if any, is also recorded in the fund financial statement in the general fund.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 5: 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 (SCERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by SCERS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefits are established by the County Employees’ Retirement Act of 1937, section 31540, et seq., of the California Government Code. SCERS issues a separate actuarial report that includes financial statements and required supplementary information at www.scers.org.

Benefits Provided – 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. Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. Active plan members in the District’s defined pension plan are required to contribute 4.76% of their bi-weekly salary. The District 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 District contribution rates for the 2022 and 2023 fiscal years were 9.90% and 9.37%, respectively. 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.

Hire Date	Prior To January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 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	1.5% to 2%	1.0% to 2%
Required contribution rates	5.18%	6.25%
Required employer contribution rates	28.15%	6.25%

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 SCERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan - continued

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, 2023 the total employer contributions made were \$67,076.

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

At June 30, 2023 the District reported a net pension liability of \$230,225 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans 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 year ended June 30, 2023 the District recognized pension expense (benefit) of (\$64,308) At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,072	\$ -
Changes in assumptions	22,412	39,042
Net differences between projected and actual earnings	1,929	
Changes in proportion	55,364	5,634
District contributions subsequent to measurement date	72,931	-
Totals	\$ 177,708	\$ 44,676

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan - continued

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

Year Ending June 30,

2024	(1,091)
2025	(57,281)
2026	(74,660)
2027	-
Thereafter	-
	<u>\$ (133,032)</u>

The total pension liability in the June 30, 2022 actuarial valuations 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.

The following represents the major actuarial assumptions utilized in determining the annual required contributions:

- Discount Rate/Rate of Return – 6.75%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service – 3% plus across the board salary increases of .25% per year, plus merit and promotional increases.
- Post-Retirement Mortality – Derived from RP-2000 combined healthy mortality table projected with Scale BB to 2023.

The long-term expected rate of return on pension plan investments (7.0%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan - continued

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. large cap equity	18%	5.4%
U.S. small cap equity	2%	6.2%
International developed equity	16%	6.5%
Emerging markets equity	4%	8.8%
Core/core plus bonds	10%	1.1%
High yield bonds	1%	3.4%
Global bonds	3%	-
Bank loans	1%	3.9%
U.S. treasury	5%	0.3%
Real assets	7%	8.1%
Liquid real return	2%	4.5%
Real estate	5%	4.6%
Value added real estate	2%	8.1%
Diversifying absolute return	7%	2.4%
Growth oriented absolute return	3%	2.4%
Private credit	4%	5.6%
Private equity	9%	9.4%
Cash	1%	-
Total portfolio	100.00%	

The discount rate used to measure the total pension liability was 6.75% for the 2023 fiscal year. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan - continued

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, calculated using the discount rate 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 or 1-percentage point higher than the current rate:

	5.75% 1% Decrease	6.75% Current Rate	7.75% 1% Increase
Proportionate Share	\$ 611,843	\$ 230,225	\$ 39,816

Note 6: Park Dedication Fund

The County maintains two separate funds for the benefit of the Rio Linda-Elverta Recreation and Park District. The corpus of the fund consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District. The use of these funds by the District is restricted for the purpose of providing park and recreation facilities to serve the population. The activity of this fund is recorded in the special revenue fund of the District.

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 for Park and Recreation Insurance (CAPRI), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The District pays an annual premium to CAPRI for its general insurance coverage. Furthermore, the District carries workers’ compensation coverage with other districts in the state through the CAPRI. Membership in the California Association of Recreation and Park Districts is required when applying for CAPRI.

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures 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 for fiscal year ending June 30, 2022.

The District carries commercial insurance for other risks of loss, including employee health insurance.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 8: Leases

The District acting as lessor is providing the community center facility to serve meals to senior citizens under the Sacramento Elderly Nutrition Program. This lease is treated as an operating lease by the District. The agreement was renewed and extends through the end of the 2025-2026 fiscal year. The District also has an operating lease for agricultural production use of the Ponderosa Park Site. This income is listed with use of money and property on the income statement, and totaled \$600 for the year ended June 30, 2023.

Lease agreements in which the district is the lessee are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2023</u>
Copy Machine	2/22/2021	5	\$ 255	3.000%	\$ 14,199	\$ 7,582
Bobcat Excavator	12/22/2020	4	2,240	2.039%	103,056	<u>39,573</u>
						<u>\$ 47,155</u>

District leases a copier for office use beginning in February 2021 for a term of five years at a fixed interest rate of 3%. At the end of the term the District will have an option to purchase the machine at the end of the lease for a discounted price, if the District does not purchase the machine the lease will renew as a month-to month lease.

The District also leased a Bobcat excavator for use in parks and as a part of SAFCA cleanup jobs beginning December 22, 2020 for a term of four years at a fixed interest rate of 2.039%. At the end of the term, title for the excavator transfers to the District.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 29,176	\$ 753
2025	16,215	180
2026	1,764	18
2027	-	-
2028	-	-
	<u>\$ 47,155</u>	<u>\$ 951</u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2023

Note 9: Defined Contribution Pension Plan

The District participates in 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 part-time employees to defer a percentage of their salary until future years. The District contributes 3.75% of part-time salaries and matches 3.75% of part-time employee contributions. The total contributions earned during the fiscal year by part-time participants was \$6,005. The contributions made by the District during the fiscal year on behalf of full-time participants was \$74,230. The retirement plan includes 6 full-time employees and 3 part-time employees as of June 30, 2023. Participants vest at service inception and are entitled to 100% of vested contributions.

Note 10: Contracts and Commitments

The District has entered into an agreement with the Fulton-El Camino Police, whereby they provide security for the District and are reimbursed on a monthly basis. The District also has entered into an agreement with SAFCA for debris cleanup within the District. SAFCA bills the District for services performed.

Note 11: Related Party Transactions

The District Board is the same Board for the nonprofit organization known as the Rio Linda-Elverta Foundation for the Future (Foundation). The Foundation maintains a separate bank account where donations, grants, and charges for services are deposited for the nonprofit organization. The District Board can apply these funds towards paying for programs for disadvantaged enrollees or for other approved expenditures. The Foundation activity is recorded as a special revenue fund in these financial statements.

Note 12: Net Position/Fund Balances

Net Position

The government-wide activities fund financial statements utilize a net position presentation. Net positions are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Net Investment in Capital Assets* – 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.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 12: Net Position/Fund Balances- continued

Fund Balances

In the fund financial statements, restrictions segregate portions of fund balance that are either not available or have been earmarked for specific purposes.

As of June 30, 2023, restrictions of fund balance are described below:

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

- *Restricted developer fees*- unavailable for appropriation because the District must use these funds for future capital improvements in lieu of developers directly making improvements.
- *Restricted for foundation* – unavailable for use by the District as it is funds held on behalf of the Foundation (see Note 11).

Note 13: Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

Note 14: Gann Limit

Amount of limit for 2022-2023	\$ 1,611,401
Total subject revenue 2022-2023	<u>1,458,970</u>
Amount under (over) limit	<u><u>\$ 152,431</u></u>

Under Article XIII B of the California Constitution (*Gann Spending Limitation Initiative*), California governmental agencies are restricted as to the amount of annual appropriation from proceeds of taxes. Under Section 10.5 of Article XIII B, the appropriations limit is required to be calculated based on the limit for the fiscal year 1978-79, adjusted for inflation and population factors as supplied by the State Department of Finance.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Financial Statements
June 30, 2023**

Note 15: Subsequent Events

Subsequent events have been reviewed through January 9, 2024, the date the financial statements were available to be issued. Management has determined that no events have occurred that should be disclosed.

Required Supplementary Information

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,120,781	\$ 1,120,781	\$ 1,458,970	\$ 338,189
Assessments	8,000	8,000	10,181	2,181
Intergovernment revenues	-	-	200,000	200,000
Use of money and property	7,200	7,200	56,198	48,998
Charges for current services	286,062	286,062	387,066	101,004
Other revenues	201,200	201,200	70,528	(130,672)
Total Revenues	<u>1,623,243</u>	<u>1,623,243</u>	<u>2,182,943</u>	<u>559,700</u>
Expenditures				
Salaries and benefits	1,022,904	1,022,904	904,128	118,776
Services and supplies	764,325	764,325	617,053	147,272
Interest payments on lease	-	-	1,367	(1,367)
Capital outlay	935,500	935,500	906,795	28,705
Principle payments on lease	-	-	28,562	(28,562)
Total Expenditures	<u>2,722,729</u>	<u>2,722,729</u>	<u>2,457,905</u>	<u>264,824</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(1,099,486)</u>	<u>(1,099,486)</u>	<u>(274,962)</u>	<u>294,876</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	443,692	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>443,692</u>	
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,099,486)</u>	<u>(1,099,486)</u>	<u>168,730</u>	
Fund Balances, July 1, 2021			<u>1,678,892</u>	
Fund Balances, June 30, 2022			<u>\$ 1,847,622</u>	

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

**Notes to the Required Supplementary Information
June 30, 2023**

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 sources of financing.

The budget for the general fund is adopted on the modified-accrual basis of accounting. The budget for the general fund is the only legally adopted budgets.

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.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Required Supplementary Information - Pensions June 30, 2023

Last 10 Fiscal Years*:

	Year Ended June 30					
	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.01400%	0.01400%	0.01400%	0.01400%	0.01400%	0.02500%
District's proportionate share of the net pension liability	\$ 284,675	\$ 296,254	\$ 392,389	\$ 392,389	\$ 392,389	\$ 297,301
District's covered employee payroll	295,000	407,000	420,000	435,000	495,000	550,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.50%	72.79%	93.43%	90.20%	79.27%	54.05%
Plan Fiduciary net position as a percentage of the total pension liability	84.67%	84.67%	80.55%	80.55%	80.55%	80.55%

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

SCERS- Schedule of District Contributions

Last 10 Fiscal Years*:

	Year Ended June 30					
	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 31,000	\$ 38,000	\$ 41,000	\$ 44,000	\$ 67,076	\$ 72,931
Total actual contribution	31,000	38,000	41,000	44,000	67,076	72,931
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 295,000	\$ 407,000	\$ 420,000	\$ 435,000	\$ 495,000	\$ 550,000
Contributions as a percentage of covered employee payroll	10.51%	9.34%	9.76%	10.11%	13.55%	13.26%