

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fulton-El Camino Recreation and Park District
Sacramento, CA

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary fund of Fulton-El Camino Recreation and Park District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively make up the 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 the 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.

Auditors' Responsibility

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

An audit includes 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 District'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 District'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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary fund of the Fulton-El Camino Recreation and Park District as of June 30, 2021, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

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 3–6, budgetary comparison for the General fund, landscape and lighting assessment district and maintenance assessment district on pages 33, 34 and 35 the Fulton-El Camino Recreation and Park District Employees' Retirement System Schedule of the District's Proportionate Share of the Net Position Liability and the Retirement System Schedule of the District's Contributions on pages 36 and 37 and the District's Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the District's Net OPEB Liability and Related Ratios on page 38; 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 (GASB), 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 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.

*Larry Bain, CPA,
An Accounting Corporation
July 18, 2022*

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
Required Supplementary Information
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

- Total assets of the District decreased from \$4,476,220 in 2020 to \$4,328,007 in 2021, a decrease of \$202,965. The assets of the District exceeded liabilities at the close of the 2020-2021 fiscal year by \$(269,990) (net position) a decrease of \$259,697 primarily due to COVID closure impacts.
- Total revenue decreased from \$3,179,163 in 2020 to \$2,841,272 in 2021, a decrease of \$337,891.
- Total expenses decreased from \$3,476,840 in 2020 to \$3,100,969 in 2021, a decrease of \$375,871.
- Net position decreased from \$(10,293) in 2020 to \$(269,990) in 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

The *Statement of Net Position* include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are recreational and park activities. There are no business type activities.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
Required Supplementary Information
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. All of the funds of the District can be divided into one category: governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as of 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. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements,

Other Information

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

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
Required Supplementary Information
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position
Fiscal Years Ended June 30,

	June 30, 2021	June 30, 2020
Current and other assets	\$ 680,727	\$ 821,710
Capital assets-net	3,647,280	3,654,510
Total assets	4,328,007	4,476,220
Deferred Outflows of Resources:		
Deferred outflows - pension and OPEB	496,116	438,598
Total deferred outflows of resources	496,116	438,598
Liabilities		
Current/non current	4,862,346	4,695,664
Total liabilities	4,862,346	4,695,664
Deferred Inflows of Resources:		
Deferred inflows - pension	231,767	229,447
Total deferred inflows of resources	231,767	229,447
Net Position		
Net investment in capital assets	2,466,500	2,410,109
Net position restricted	-	-
Unrestricted	(2,736,490)	(2,420,402)
Total net position	\$ (269,990)	\$ (10,293)

Condensed Statement of Activities
For Fiscal Years Ended June 30,

	2021	2020
Program Revenue:		
Parks and recreation	\$ 557,699	\$ 919,878
Operating contributions	647,773	617,591
Capital contributions		111,499
General Revenue:		
Property taxes	1,441,605	1,373,629
Other	149,744	59,951
Investment and rental income	44,451	96,615
Total revenue	2,841,272	3,179,163
Expenses:		
Parks and recreation	3,061,154	3,433,197
Interest on debt	39,815	43,643
Total expenses	3,100,969	3,476,840
Change in net position	(259,697)	(297,677)
Net position - beginning	(10,293)	287,384
Net position - ending	\$ (269,990)	\$ (10,293)

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
Required Supplementary Information
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

CAPITAL ASSETS

As of June 30, 2021, the District's investment in capital assets was \$2,466,500. The investment in capital assets includes land, site improvements, buildings and improvements, and equipment. The capital assets are presented in the statement of net position. The District continued to apply for grant funding from the State of California, the Federal Government, local and private sources when opportunities for funding support for programs and park improvement projects were made available.

During the 2021 fiscal year, the major capital improvements the District undertook were:

- Cottage Park eastern most bridge rebuild.
- Santa Anita Park eastern bridge rebuild.
- Added a new police department Interceptor
- Sold the 2002 15-passenger van

BUDGETARY HIGHLIGHTS

The general fund, fund balance decreased by \$95,189 from 2020 to 2021. This decrease is largely due to the COVID closure and cleaning mandates.

Property tax revenues increased by \$47,910 over 2020, or 3.6 percent over 2020. The minimum wage increased another \$1.00 per hour as of January 1, 2021, to \$15 per hour.

The State has indicated the minimum wage may increase to \$15.50 on January 1, 2023 if inflation remains over 7 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The minimum wage increased another \$1.00 per hour as of January 1, 2021, to \$15 per hour. This increase will continue to compress the District's revenue outcomes.

COVID closures are expected to ease resulting in more programs opening in the 2021/22 fiscal year.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's residents, customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Fulton-El Camino Recreation and Park District Administrator at 2201 Cottage Way, Sacramento, CA 95825.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
Assets	
Cash and investments	\$ 631,617
Due from others	48,819
Restricted cash and investments	291
Capital assets:	
Land	659,256
Intangible assets	18,533
Construction in progress	-
Land improvements	7,368,824
Buildings and improvements	2,484,969
Equipment	897,070
Less: accumulated depreciation	(7,781,372)
Capital assets-net	<u>3,647,280</u>
Total assets	<u>4,328,007</u>
Deferred Outflows of Resources	
Deferred outflows-pensions	459,697
Deferred outflows-OPEB	36,419
Total deferred outflows	<u>496,116</u>
Liabilities	
Current liabilities:	
Claims payable	99,543
Accrued wage	66,955
Deposits	6,909
Accrued interest	8,251
Due within one year	116,341
Total current liabilities	<u>297,999</u>
Non-current liabilities:	
Due in more than one year	4,564,347
Total liabilities	<u>4,862,346</u>
Deferred Inflows of Resources	
Deferred inflows-pensions	231,767
Total deferred inflows of resources	<u>231,767</u>
Net position (accumulated deficit)	
Net investment in capital assets	2,466,500
Unrestricted	(2,736,490)
Total net position (accumulated deficit)	<u>\$ (269,990)</u>

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position Governmental Activities
Governmental Activities					
Parks and recreation	\$ 3,061,154	\$ 557,699	\$ 647,773	\$ -	\$ (1,855,682)
Interest on long-term debt	39,815				(39,815)
Total governmental activities	<u>\$ 3,100,969</u>	<u>\$ 557,699</u>	<u>\$ 647,773</u>	<u>\$ -</u>	<u>(1,895,497)</u>
General Revenues:					
Taxes:					
					1,441,605
					44,451
					2,500
					147,244
					<u>1,635,800</u>
					(259,697)
					(10,293)
					<u>\$ (269,990)</u>

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General Fund	Major Funds		Non-Major Fund	Total Governmental Funds
		Landscape & Lighting District	Maintenance and Improvement District	Developer In-Lieu Fees	
Assets					
Cash and investments	\$ 529,096	\$ 47,840	\$ 54,681	\$ -	\$ 631,617
Due from others	48,818	-	-	1	48,819
Restricted cash and investments				291	291
Total assets	\$ 577,914	\$ 47,840	\$ 54,681	\$ 292	\$ 680,727
Liabilities					
Claims payable	\$ 46,385	\$ 53,158	\$ -	\$ -	\$ 99,543
Accrued payroll	66,955				66,955
Deposits	3,719	3,190			6,909
Total Liabilities	117,059	56,348	-	-	173,407
Fund Balances					
Restricted				292	292
Assigned					-
Unassigned	460,855	(8,508)	54,681		507,028
Total fund balances	460,855	(8,508)	54,681	292	507,320
Total liabilities and fund balances	\$ 577,914	\$ 47,840	\$ 54,681	\$ 292	\$ 680,727

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund Balances of Governmental Funds	\$ 507,320
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.	3,647,280
Some liabilities, including long-term debt, accrued interest and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(68,403)
Net pension liability, deferred inflows/outflows	(1,946,691)
Net OPEB liability, deferred outflows	(1,216,398)
Accrued interest expense	(8,251)
Long-term debt	<u>(1,184,847)</u>
Net position of governmental activities	<u><u>\$ (269,990)</u></u>

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Major Funds		Non-Major Fund	Total Governmental Funds
		Landscape & Lighting District	Maintenance and Improvement District	Developer In-Lieu Fees	
Revenues					
Property taxes	\$ 1,368,884	\$ -	\$ -	\$ -	\$ 1,368,884
Intergovernmental revenues	72,721				72,721
Charges for current services	512,647				512,647
Special assessments		414,527	233,246		647,773
Fines forfeitures and penalties	45,052		14,560		59,612
Use of money and property	1,842	42,606	-	3	44,451
Other revenues and reimbursements	147,222	-	-	21	147,243
Total revenues	2,148,368	457,133	247,806	24	2,853,331
Expenditures					
Salaries and benefits	1,672,193	-	-		1,672,193
Services and supplies	487,729	332,430	10,103		830,262
Debt service					
Principal	20,341	50,245	30,553		101,139
Interest	20,794	19,336	112		40,242
Capital outlay	37,518	74,606	128,706		240,830
Total expenditures	2,238,575	476,617	169,474		2,884,666
Total revenues over (under) expenditures before other financing sources (uses)	(90,207)	(19,484)	78,332	24	(31,335)
Other Financing Sources (Uses)					
Proceeds of capital leases	37,518				37,518
Sale of assets	2,500				2,500
Operating transfers in		45,000			45,000
Operating transfers out	(45,000)				(45,000)
Total other financing sources (uses)	(4,982)	45,000	-		40,018
Net change in fund balances	(95,189)	25,516	78,332	24	8,683
Fund balances, beginning of fiscal year	556,044	(34,024)	(23,651)	268	498,637
Fund balances, end of fiscal year	\$ 460,855	\$ (8,508)	\$ 54,681	\$ 292	\$ 507,320

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ 8,683
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 are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	240,830
Depreciation expense	(248,061)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	101,139
Changes to accrued interest are recorded in the statement of net position, but the changes do not affect the fund financial statements.	427
Proceeds from debt are recorded as other financing sources in the governmental funds, but are recorded as long-term debt in the Statement of Net Position	(37,518)
Changes in proportions from the pension do not effect expenditures in the governmental funds, but the change is adjusted through expense in the government-wide statement.	(155,604)
Changes in the net OPEB liability do not effect expenditures in the governmental funds, but the change is adjusted through expense in the government-wide statement.	(180,717)
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.	11,124
Change in net position of governmental activities	<u>\$ (259,697)</u>

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	Custodial Funds		Total
	CRDEB Trust Fund	PARS Trust Fund	
<u>Assets</u>			
Cash and investments	\$ 28,374	\$ 279,195	\$ 307,569
Due from others	75		75
Total assets	\$ 28,449	\$ 279,195	\$ 307,644
<u>Net Position</u>			
Held in trust for pension and other employee benefits	\$ 28,449	\$ 279,195	\$ 307,644
Total net position	\$ 28,449	\$ 279,195	\$ 307,644

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial Funds		Total
	CRDEB Trust Fund	PARS Trust Fund	
Additions:			
Employer contributions	\$ -	\$ 12,917	\$ 12,917
Employee contributions		12,917	12,917
Total contributions		25,834	25,834
Investment Income (Loss):			
Net adjustment to fair value of investments	186	20,945	21,131
Total additions (deductions)	186	20,945	21,131
Deductions			
Distributions		(36,475)	(36,475)
Administrative expenses		(6,210)	(6,210)
Total deductions		(42,685)	(42,685)
Change in net position	186	4,094	4,280
Net Position:			
Held in trust for benefits:			
Beginning of year	28,263	275,101	303,364
End of year	\$ 28,449	\$ 279,195	\$ 307,644

The notes to the financial statements are an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies

The District was organized in 1956 by a vote of the public, under the California Public Resources Code, Section 5780. It operates under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Sacramento County Board of Supervisors, its financial activities are processed through the County Auditor-Controller's Office. The District serves 32,000 residents in an area of 5.25 square miles. The District is authorized to and actually performs park and recreation services and park policing services.

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 are component units:

The Fulton-El Camino Landscape and Lighting District (Assessment #1) and Parks Maintenance & Recreation Improvement District (Assessment #2) are included in the special revenue funds of the District.

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 and 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 financial sources.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Governmental activities are supported by taxes and intergovernmental revenues.

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.

Fund Financial Statements

The fund financial statements provide information about the District's funds. 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 non-major funds.

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 funds). The measurement focus is based upon determination of changes in financial position. The following are the District's 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.

Special Revenue Funds - These funds account for the activity of the developer in lieu fees, impact fees as well as the landscape and lighting district and the maintenance district that are legally restricted to expenditures for specific purposes.

Fiduciary Funds

Accounts for activities associated with the District's part time employee retirement trust funds.

The District does not operate enterprise funds.

Effective July 1, 2020, the District implemented Governmental Accounting Standards Board Statement No. 84. This statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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. 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. At June 30, 2021, a long-term liability of \$68,403 for governmental activities has been recorded in the government-wide, statement of net position for unpaid vacation leave.

H. 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 taxes. 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.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

I. 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 and business-type activities columns of the government-wide financial statements. Capital assets include land, buildings and site improvements and equipment and machinery. 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 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

J: Deferred Inflows of Resources

Deferred inflows of resources in governmental funds arise when potential revenue does not meet the “available” criteria for recognition in the current period. Deferred inflows of resources (deferred revenue in accrual based statements) also arises when resources are received by the District before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

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. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

L. Pensions

For purpose of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s CalPERS Retirement System (PERS) plans (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Note 2: Cash and Investments

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

Checking account	\$ 240,363
Imprest cash	300
Cash and investments with County Treasurer	419,619
Total cash and investments	<u>\$ 660,282</u>

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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 Fulton-El Camino 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 that will adversely affect the fair value of and 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*	\$ 419,619	\$ 419,619	\$ -
Totals	\$ 419,619	\$ 419,619	\$ -

*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.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

Note 2: Cash and Investments (Continued)

D. Custodial Credit Risk (Continued)

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.

At June 30, 2021, the District's deposits balance was \$245,107 and the carrying amount was \$240,363. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance all was covered by the Federal Depository Insurance or by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

The District maintains certain cash and investments with the Sacramento County Treasurer in an investment pool. The District's funds are managed in accordance with the investment policy of the County Treasury. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and investment risk can be found in the County's financial statements. The Sacramento County's financial statements may be obtained online at the following link: finance.saccounty.net/Auditor-Controller/Pages/. Required disclosures for the District's investment in the Sacramento County Investment Pool at June 30, 2021 are as follows:

Credit risk:	Not rated
Custodial risk:	Not applicable
Concentration of credit risk:	Not applicable
Interest rate risk:	Not available

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 3: Property Plant and Equipment

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

	Balance July 1, 2020	Additions Adjustments	Retirements/ Adjustments	Balance June 30, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 659,256	\$ -	\$ -	\$ 659,256
Construction in progress	569,632		(569,632)	-
Intangible assets	18,533			18,533
Capital assets, being depreciated:				
Land improvements	6,595,879	772,945		7,368,824
Buildings and improvements	2,484,969			2,484,969
Equipment	904,062	37,518	(44,510)	897,070
Total capital assets, being depreciated	9,984,910	810,463	(44,510)	10,750,863
Less accumulated depreciation for:				
Land improvements	(5,563,036)	(139,076)		(5,702,112)
Buildings and improvements	(1,396,862)	(84,995)		(1,481,857)
Equipment	(617,923)	(23,990)	44,510	(597,403)
Total accumulated depreciation	(7,577,821)	(248,061)	44,510	(7,781,372)
Total capital assets, being depreciated, net	2,407,089	562,402	-	2,969,491
Governmental activities capital assets, net	\$ 3,654,510	\$ 562,402	\$ -	\$ 3,647,280

Note 4: Long-Term Liabilities

The following is a summary of changes in the governmental activities long-term liabilities for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions/ Adjustments	Retirement/ Adjustments	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 79,526	\$ 41,807	\$ (52,930)	\$ 68,403	\$ 26,465
Net pension liability	1,956,819	217,802		2,174,621	-
Net OPEB liability	1,079,100	173,717		1,252,817	
Capital leases	1,248,468	37,518	(101,139)	1,184,847	89,876
Total	\$ 4,363,913	\$ 470,844	\$ (154,069)	\$ 4,680,688	\$ 116,341

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 4: Long-Term Liabilities (Continued)

Governmental activities long-term debt obligations consisted of the following:

Compensated Absences

The District recognizes the accumulated unpaid employee vacation benefits 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.

Capital Leases-Equipment

The District had five capital leases as of June 30, 2021 as follows:

On September 25, 2018 the District lease/purchased a 2014 Chevy Express for \$27,624.80 with a 5 year term and an effective interest rate of 13.61%. The District also lease purchased a turf renovator on March 1, 2018 for \$11,847 with a 3 year term and an interest rate of 5.3%. These two leases were refinanced with a new \$14,160 UMPUA lease with the first payment due on October 1, 2019 and the final payment due on September 1, 2024.

The District lease purchased a lighting system retrofit on October 4, 2017 for \$20,118 with a 5 year term and an interest rate of 4.5%. The final payment is due October 2022.

The District lease purchased a mower on October 25, 2018 for \$58,505 with a 5 year term and an interest rate of 5.82%. The final payment is due April 25, 2023.

The District lease purchased court and field lighting system retrofit on October 30, 2019 for \$54,268.58 with a 5 year term and an interest rate of 4.69%. The final payment is due April 1, 2025.

The District lease purchased a 2021 Ford Police Interceptor on December 31, 2020 for \$36,973.34 plus \$545 lease fee with a 3 year term and an interest rate of 6.15%. The final payment is due December 31, 2022.

The future minimum lease obligations and the net present value of these minimum equipment lease payments as of June 30, 2021, are as follows:

Fiscal Year Ended June 30,	
<u>2022</u>	\$ 43,800
2023	41,908
2024	15,379
2025	<u>10,695</u>
Total minimum lease payments	111,781
Less: Amount representing interest	<u>(8,934)</u>
Present value of minimum lease payments	<u><u>\$ 102,847</u></u>

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 4: Long-Term Liabilities (Continued)

Capital Lease-Structures and Improvements

The District obtained a capital lease from UMPUA Bank to finance the purchase of a 4 Plex on Edison Avenue and to finance improvements on District buildings and District parks. Thirty four semi-annual payments ranging from \$44,430 to \$45,701, for both principal and interest, commenced on September 1, 2019 and will end March 1, 2036. The annual interest rate on this lease is 3.050%.

The principal and interest payments for this lease as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$ 58,000	\$ 32,559	\$ 90,559
2023	60,000	30,775	90,775
2024	62,000	28,929	90,929
2025	63,000	27,039	90,039
2026	65,000	25,102	90,102
2027-2032	357,000	94,262	451,262
2033-2037	417,000	35,818	452,818
Total	<u>\$ 1,082,000</u>	<u>\$ 274,484</u>	<u>\$ 1,356,484</u>

Note 5: 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 Indemnity (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 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 general and automobile liability excess claims 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, 2021. Settlements have not exceeded insurance coverage in any of the last three years.

Note 6: Lease Income

The District derives a portion of its revenue from the rental of real property based on a fixed lease amount. All leases of the District are treated as operating leases for accounting purposes. Lease terms are for a period of five years and can be terminated by lessor at any time and without cause by giving the District thirty days written notice of termination. Because these are cancelable leases we do not present the operating revenue over the term of the lease.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary miscellaneous employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS 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. Classic members hired before January 1, 2013 with five years of total service are eligible to retire between ages 45 and 57 and PEPRA employees hired after January 1, 2013 are eligible to retire between ages 57 and 62, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>	<u>PEPRA Miscellaneous Plan</u>
	Prior to January 1, 2010	After January 1, 2010	On or after January 1, 2013
Hire date			
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	56-60	57-62
Benefits , as a % of eligible compensation	1.5% to 2%	1.5% to 2%	1% to 2%
Required employee contribution rates	7.00%	7.00%	6.75%
Required employer contribution rates	11.03%	8.79%	7.73%

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 contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	\$ 185,703
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FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability
Miscellaneous Plans	\$ 2,174,621

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.

The District's proportionate share of the net pension liability as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.049%
Proportion - June 30, 2021	0.052%
Change - Increase (Decrease)	0.003%

For the year ended June 30, 2021, the District recognized pension expense of \$341,307. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,065	\$ -
Changes in assumptions		(15,510)
Net difference between projected and actual earnings on pension plan investments	64,601	
Changes in proportion	97,328	
Changes in proportionate share of contributions		(216,257)
District contributions subsequent to the measurement date	185,703	
Total	\$ 459,697	\$ (231,767)

\$185,703 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7: 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:

Measurement Period	
Ended June 30:	
2022	\$ 41,897
2023	\$(20,913)
2024	\$(32,226)
2025	\$(30,985)
2026	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.15%

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to a single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%

(1) An expected inflation of 2.00% used for this period

(2) An expected inflation of 2.92% used for this period

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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plans	\$ 3,472,694	\$ 2,174,621	\$ 1,102,065

Note 8: Post-Retirement Health Care Benefits

Plan Description. Fulton-El Camino Recreation and Park District’s (District) Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by CalPERS. The District provides medical insurance benefits only to eligible retirees. The employee must be eligible to retire from PERS, reached age 50 with 5 years of service for members entering before January 1, 2013 and age 52 with 5 years of service for members entering on or after January 1, 2013. Service includes services across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements. The District pays the full single medical premium for the retiree and the cost of any dependent coverage is the responsibility of the retiree. The District-provided contribution is continued for the retiree’s lifetime.

Funding Policy. The contribution requirement of plan members is established by the Board of Directors. As of June 30, 2021 the Board of Directors did not establish a funding policy. The District uses the pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.

Annual OPEB Cost and Net OPEB Obligation. The District does not currently calculate an actuarially determined contribution. The annual OPEB cost is based actuarially determined service cost and interest cost on the unfunded liability and amortization of other actuarially determined deferred inflows and outflows less amounts contributed by the District on the pay-as-you-go method. The Net OPEB Obligation is based on actuarially determined calculations using GASB 75 “lookback” method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year reporting.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8: Post-Retirement Health Care Benefits (Continued)

Employees Covered By Benefit Terms

At the OPEB liability measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	8
Active employees waiving coverage	1
Active employees electing coverage	8
Total	<u><u>17</u></u>

Contributions

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District did not currently calculate an ADC.

The contribution requirement of plan members is established by the Board of Directors. Contributions are based on actuarially determined contributions using entry age actuarial cost with normal costs calculated as a level percentage of payroll, as required by GASB 75. For the fiscal year ending June 30, 2021 valuation, the District contributed \$0 towards the unfunded actuarial liability (UAL). The District paid the retiree premiums for fiscal year end June 30, 2021 valuation directly to health insurance providers totalling \$43,419 (including implicit subsidy associated with benefits paid). Plan members receiving benefits contributed \$0 of the total premiums.

Net OPEB Liability: At June 30, 2021 the District reported a net OPEB liability of \$1,252,817. The net OPEB liability was measured from July 1, 2019 to June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2019.

Actuarial Assumptions

The net OPEB liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount Rate	2.45%
Healthcare trend rates	4.00% to 6.40%
Salary increase	Based on CalPERS Experience Study
Inflation factor	2.50%
Investment Rate of Return	N/A

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8: Post-Retirement Health Care Benefits (Continued)

OPEB Assets

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Pay as you go	N/A	N/A
Total	0.00%	

(1): The District has not established an irrevocable trust.

The discount rate used to measure the total OPEB liability was 3.13 percent. The projection of cash flows used to determine the discount rate assumed the District's contributions will continue based upon the current OPEB funding pay-as-you-go policy.

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2021.

	Total OPEB Liability (a)	Net Position (b)	Net OPEB Liability (c)
Balances at 6/30/2019	\$ 1,079,100	\$ -	\$ 1,079,100
Changes for the year:			
Service cost	55,528		55,528
Interest	34,944		34,944
Difference between expected and actual experience	332		332
Changes of assumptions	119,332		119,332
Contribution-employer		36,419	(36,419)
Net investment income			-
Benefit payments	(36,419)	(36,419)	-
Net changes	173,717	-	173,717
Balances at 6/30/2020	\$ 1,252,817	\$ -	\$ 1,252,817

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

The following presents the District's share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Net OPEB liability (asset)	\$ 1,463,153	\$ 1,252,817	\$ 1,082,933

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8: Post-Retirement Health Care Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB liability (asset)	\$ 1,067,806	\$ 1,252,817	\$ 1,484,648

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$210,136. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
District contributions subsequent to measurement date	36,419	-
Totals	<u>\$ 36,419</u>	<u>\$ -</u>

\$36,419 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

Note 9: Stewardship, Compliance and Accountability

A. Net position (accumulated deficit)

The unrestricted net position (accumulated deficit) in the government-wide financial statements had a deficit at June 30, 2021. The \$2,736,490 deficit net position was created as a result of Governmental Accounting Standards Board (GASB) No. 68/71 and GASB No. 74/75 implementation which required the District to record the net pension liability for the retirement plan and the Net OPEB liability for the post-retirement health care plan. The deficit is expected to be eliminated as the District reduces the net pension liability and the net OPEB liability.

B. Deficit fund balance

At June 30, 2021 the Lighting and Landscape District had a deficit fund balance of \$8,508. The deficit fund balance is expected to be eliminated upon the receipt of future assessments and/or by reducing expenditures.

C. Budgetary control

The general fund actual expenditures exceeded the budget for debt service principal by \$20,341 and debt service interest by \$20,794.

The Landscape and Lighting Assessment District actual expenditures exceeded the budget for debt service principal by \$4,890 and debt service interest by \$19,336.

The Maintenance Assessment District actual expenditures exceeded the budget for debt service principal by \$30,553 and debt service interest by \$112.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 10: Cafeteria Plan

As of January 1, 2007, the District began offering full time employees the option of participating in a Cafeteria Plan described in Section 125 of the Internal Revenue Code. The plan allows full time employees the option to pay out of pocket medical and childcare expenses with pre-tax income. For employees enrolled in the plan a payroll deduction is made each pay period and deposited into a trust account. Employees then submit eligible receipts to the plan administrator who pays the expense from the trust account. The District is also acting as the plan administrator. At June 30, 2021, the account had a balance of \$4,353.

Note 11: Deferred Compensation Plans

The District's full time employees participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District full time employees, permits them to defer a portion of their salary until future years. Plan provisions are established or amended by District board resolution.

The District part time and seasonal employees participate in an alternate retirement plan (ARS), whereby the District matches 3.75% of the 7.5% contribution required by part time employees. Participants vest at service inception and are entitled to 100% of vested contributions. The contributions are made in lieu of social security. The District uses Public Agency Retirement Services (PARS) as the trustee and contributed \$13,290 (district share) to the part time participant accounts during the 2020-2021 fiscal year.

Note 12: ERAF Property Tax Shift

During the 2020-2021 fiscal year the County of Sacramento Department of Finance Auditor Controller Division shifted \$630,390 property tax revenue from the Fulton-El Camino Recreation and Park District to the educational revenue augmentation fund (ERAF). The ERAF I property tax shift started during the 1992-1993 fiscal year to help solve the State budget crisis. The ERAF I shifts property tax revenues, designated for special districts, to community colleges and schools K-12. The accumulated total property tax revenues shifted from Fulton-El Camino Recreation and Park District from the 1992-1993 fiscal year through the 2020-2021 fiscal year was \$12,676,121.

Note 13: Gann Limit

Total Subject Revenue 2020-21	\$ 2,018,499
Amount of limit for 2020-21	5,138,034
Amount (under)/over limit	<u>\$ (3,119,535)</u>

Under Article XIII B of the California Constitution (the 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 1986-87, adjusted for inflation and population factors as supplied by the State Department of Finance.

Note 14: Fund Balances – Governmental Funds

The District adopted a policy for GASB Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 15: Commitments and Contingent Liabilities

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

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

As of June 30, 2021 the District had open professional service agreements and a copier operating lease.

COVID 19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of Fulton-El Camino Recreation and Park District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,367,208	\$ 1,367,208	\$ 1,368,884	\$ 1,676
Intergovernmental revenues	343,406	343,406	72,721	(270,685)
Charges for current services	863,449	863,449	512,647	(350,802)
Fines forfeitures and penalties	35,000	35,000	45,052	10,052
Use of money and property	26,500	26,500	1,842	(24,658)
Other revenues	25,000	25,000	147,222	122,222
Total revenues	2,660,563	2,660,563	2,148,368	(512,195)
Expenditures				
Salaries and benefits	1,938,852	1,984,883	1,672,193	312,690
Services and supplies	508,599	508,599	487,729	20,870
Capital outlay	315,052	315,052	37,518	277,534
Debt service				
Principal			20,341	(20,341)
Interest			20,794	(20,794)
Total expenditures	2,762,503	2,808,534	2,238,575	569,959
Total revenues over (under) expenditures before other financing sources (uses)	(101,940)	(147,971)	(90,207)	57,764
Other Financing Sources (Uses)				
Proceeds of capital leases			37,518	37,518
Sale of assets			2,500	2,500
Operating transfers in				-
Operating transfers out			(45,000)	(45,000)
Total other financing sources (uses)	-	-	(4,982)	(4,982)
Net change in fund balance	\$ (101,940)	\$ (147,971)	\$ (95,189)	\$ 52,782
Fund balances, beginning of fiscal year			556,044	
Fund balances, end of fiscal year			\$ 460,855	

The note to the required supplementary information is an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FULTON-EL CAMINO LANDSCAPE AND LIGHTING DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Assessments	\$ 416,257	\$ 416,257	\$ 414,527	\$ (1,730)
Use of money and property	83,096	83,096	42,606	(40,490)
Intergovernmental	16,000	16,000		(16,000)
Miscellaneous	64,000	64,000		(64,000)
	<u>579,353</u>	<u>579,353</u>	<u>457,133</u>	<u>(122,220)</u>
Expenditures				
Salaries and benefits	17,904	17,904	-	17,904
Services and supplies	352,167	352,167	332,430	19,737
Capital outlay	152,774	166,042	74,606	91,436
Debt service				
Principal	45,355	45,355	50,245	(4,890)
Interest			19,336	(19,336)
Total expenditures	<u>568,200</u>	<u>581,468</u>	<u>476,617</u>	<u>104,851</u>
Total revenues over (under) expenditures before other financing sources (uses)	<u>11,153</u>	<u>(2,115)</u>	<u>(19,484)</u>	<u>(17,369)</u>
Other Financing Sources (Uses)				
Operating transfers in			45,000	45,000
Operating transfers out				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
Net change in fund balance	<u>\$ 11,153</u>	<u>\$ (2,115)</u>	25,516	<u>\$ (17,369)</u>
Fund balances, beginning of fiscal year			<u>(34,024)</u>	
Fund balances, end of fiscal year			<u>\$ (8,508)</u>	

The note to the required supplementary information is an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FULTON-EL CAMINO MAINTENANCE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Assessments	\$ 236,060	\$ 236,060	\$ 233,246	\$ (2,814)
Use of money and property				-
Fines forfeitures and penalties			14,560	14,560
	<u>236,060</u>	<u>236,060</u>	<u>247,806</u>	<u>11,746</u>
Total revenues				
Expenditures				
Salaries and benefits	27,572	27,572	-	27,572
Services and supplies	12,963	12,963	10,103	2,860
Capital outlay	186,740	186,740	128,706	58,034
Debt service				
Principal			30,553	(30,553)
Interest			112	(112)
Total expenditures	<u>227,275</u>	<u>227,275</u>	<u>169,474</u>	<u>57,801</u>
Net change in fund balance	<u>\$ 8,785</u>	<u>\$ 8,785</u>	<u>78,332</u>	<u>\$ 69,547</u>
Fund balances, beginning of fiscal year			<u>(23,651)</u>	
Fund balances, end of fiscal year			<u>\$ 54,681</u>	

The note to the required supplementary information is an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
JUNE 30, 2021**

Reporting Date For Employer under GASB 68 as of June 30	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2015	Not available	\$1,117,117	\$504,815	221.29%	73.03%
6/30/2016	0.043%	\$995,745	\$495,304	201.04%	84.43%
6/30/2017	0.046%	\$1,590,113	\$561,113	283.39%	76.72%
6/30/2018	0.047%	\$1,859,456	\$547,850	339.41%	73.90%
6/30/2019	0.047%	\$1,788,804	\$546,000	327.62%	75.00%
6/30/2020	0.049%	\$1,956,819	\$601,624	325.26%	72.64%
6/30/2021	0.052%	\$2,174,622	\$560,540	387.95%	71.88%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is compiled, only information for those years for which is available.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
JUNE 30, 2021**

<u>Reporting Date For Employer under GASB 68 as of June 30</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contribution as a percentage of covered employee payroll</u>
6/30/2015	Varies	NA	NA	\$504,815	NA
6/30/2016	\$52,654	(\$52,654)	\$0	\$495,304	10.63%
6/30/2017	\$58,538	(\$58,538)	\$0	\$561,113	10.43%
6/30/2018	\$112,492	(\$112,492)	\$0	\$547,850	20.53%
6/30/2019	\$143,305	(\$143,305)	\$0	\$546,000	26.25%
6/30/2020	\$170,657	(\$170,657)	\$0	\$601,624	28.37%
6/30/2021	\$185,703	(\$185,703)	\$0	\$560,540	33.13%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability			
Service cost	\$ 55,528	\$ 59,318	\$ 58,036
Interest	34,944	41,562	39,469
Changes in benefit terms	-	-	-
Differences between expected and actual experience	332	(161,579)	-
Changes of assumptions	119,332	72,509	(10,158)
Benefit payments**	(36,419)	(43,008)	(55,358)
Net change in total OPEB liability	173,717	(31,198)	31,989
Total OPEB liability-beginning (a).	1,079,100	1,110,298	1,078,309
Total OPEB liability-ending (b)	<u>\$ 1,252,817</u>	<u>\$ 1,079,100</u>	<u>\$ 1,110,298</u>
 Plan fiduciary net position			
Contributions-employer **	\$ 36,419	\$ 43,008	\$ 55,358
Net investment income	-	-	-
Benefit payments	(36,419)	(43,008)	(55,358)
Administrative expenses			
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position-beginning (c)	-	-	-
Plan fiduciary net position-ending (d)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB liability-beginning (a)-(c)	\$ 1,079,100	\$ 1,110,298	\$ 1,078,309
Net OPEB liability-ending (b)-(d)	\$ 1,252,817	\$ 1,079,100	\$ 1,110,298
 Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
 Covered-employee payroll	\$ 650,056	\$ 606,655	\$ 576,189
 District's net OPEB liability as a percentage of covered-employee payroll	193%	178%	193%
 Measurement date	6/30/2020	6/30/2019	6/30/2018

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

**Amount includes implicit subsidy associated with benefits paid.

The note to the required supplementary information is an integral part of this statement

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

**NOTE TO THE 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 sources 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.