

**SUNRISE
RECREATION AND PARK DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2014

**SUNRISE
RECREATION AND PARK DISTRICT**

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INDEPENDENT AUDITOR'S REPORT

Advisory Board of Directors
Sunrise Recreation and Park District
Citrus Heights, California

We have audited the accompanying financial statements of the governmental activities each major fund, and the aggregate remaining fund information of the Sunrise Recreation and Park District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

We have been unable to agree the District's detailed capital assets schedule to the underlying capital asset schedule.

Opinions

In our opinion, except for the facts in aforementioned paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunrise Recreation and Park District as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 32-34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because these limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Fechter & Company, Certified Public Accountants


Sacramento, CA
March 24, 2015

BASIC FINANCIAL STATEMENTS

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sunrise Recreation and Park District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Scope of Financial Reporting Entity

The District was organized in July 1971 under Public Resources Code section 5780 (Board of Supervisors Resolution 74-787) and was reorganized subsequently in 1982 and 1986. The District is a dependent special district within the County of Sacramento and is controlled by a five-member Advisory Board of Directors appointed by the Sacramento County Board of Supervisors. The District provides recreation facilities and programs to approximately 153,000 residents in an area of 413.68 acres. The District operates 37 parks and open space sites, one nine-hole golf course, three licensed day care centers on three elementary school sites, and three community centers.

The District's reporting entity includes all financial activities under control of its Advisory Board of Directors. Control was determined on the basis of budget adoption and continuing oversight responsibilities.

The District is a component unit of the County of Sacramento. As such, it is included within the County's financial reporting entity as a blended component unit in a special revenue fund.

The District is funded through property taxes, developer fees, concessionaire fees and leases, and charges for services.

Excluded From the Reporting Entity

In August 1992, the Hearts for Parks, formerly the Sunrise Community Parks Foundation, a non-profit corporation, was organized for the purpose of encouraging citizens and businesses to contribute through volunteer efforts and funding toward the improvement and enhancement of the recreation and park activities of the District. This entity is an autonomous organization with its own powers. Neither the Board of Supervisors nor the District's Advisory Board of Directors exercises oversight responsibility over this organization. Accordingly, the Foundation is not included in the accompanying financial statements.

Government-wide and Fund Financial Statements Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of activities presents direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the District's funds, which include only governmental funds.

The District has combined its government-wide financial statements, the statement of net position and the statement of activities, with its fund financial statements, the balance sheet and the statement of revenues, expenditures, and changes in fund balances, into two statements; the statement of net position and governmental funds balance sheet; and the statement of activities and governmental fund revenues, expenditures, and changes in fund balances, for simplicity.

The District reports a General Fund that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

The District reports four special revenue funds to account for the activity of a landscaping assessment and developer fees whose funds are legally restricted to expenditures for specific purposes.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources. The District considers property taxes available if they are collected within sixty-days after year-end.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of the General Fixed Asset and the General Long Term Debt account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

Accounts and Records

Financial transactions initiated by the District are processed by the Sacramento County Department of Finance, Auditor-Controller. The District maintains copies of source documents. The Department of Finance, Auditor-Controller provides related general ledger, revenue, and expenditure computer listings. In addition, claims are paid and warrants are issued by the Department of Finance, Auditor-Controller.

Budgetary Principles

As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget on or before October 1 of each fiscal year. Until the adoption of the final balanced budget, operations are governed by the adopted proposed budget, which is the prior year's final budget, approved by the Board. Public hearings are conducted on the proposed final budget to review all appropriations and the sources of financing.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting except as explained below. Budgetary control and the legal level of control are at the object level which classifies expenditures by type of goods purchased and services obtained. The Statement of Revenues, Expenditures – Budget to Actual (adjusted to the budgetary basis) presents revenues at the source level and expenditures at the function level.

It is not feasible to compare budget to actual data at the object level in this report. Therefore, this information is contained in a separate report prepared by the Sacramento County Department of Finance, Auditor-Controller, titled "Expenditures Status Report." Significant amendments, appropriation transfers from contingencies must be approved by the Districts' Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

The District budget for governmental funds is prepared on the modified accrual basis of accounting, except that encumbrances represent expenditures on a budgetary basis. Encumbrances not liquidated in the current year are added to the subsequent-year budget for reporting and control purposes.

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

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

Capital Assets

Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District’s capitalization threshold is met. Amortizations of assets acquired by way of capital leases are included in depreciation and amortization. Structures, improvements, and equipment are depreciated using the straight-line method over the following estimated used lives:

<u>Assets</u>	<u>Years</u>
Structures and Improvements	25-50
Equipment	5-10

Compensated Absences

Regular, full-time District employees are granted vacation in varying amounts based upon length of service. Any accrued hours, not in excess of the maximum allowable, which are unused during the current period, are carried forward to following years. The General Fund records expenditures for compensated absences as they are taken by employees. Each year’s budget includes a provision for the estimated expenditure for the current year. A year-end accrual is not made in the General Fund as the District does not believe any of the available year-end financial resources will be required to fund the year-end compensated absences liability. All vacation pay is accrued when incurred in the government-wide statements in accordance with GASB Statement No. 16, “Accounting for Compensated Absences.”

District employees are granted vacation in varying amounts based on classification and length of service. Maximum vacation hours eligible for carry forward to future years is limited to no more than 400 hours of accrual time at calendar year end. Additionally, certain employees are allowed compensated time-off (CTO) in lieu of overtime compensation and/or for working on holidays.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee’s retirement are added to the actual period of service when computing retirement benefits. The District does not pay accumulated sick leave to employees who terminate prior to retirement. Accordingly, no provision for payment of sick leave has been included in the government-wide financial statements.

Property Taxes

The County of Sacramento is responsible for the collection and allocation of property taxes. The District recognizes property taxes when received from the County. The County elects to use the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30. This purchase is completed within two months after the end of the fiscal year.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

Intergovernmental Revenues

Grant agreements require the District to maintain accounting records and substantiating evidence sufficient to determine if all costs incurred and claimed are proper and that the District is in substantial compliance with other terms of the grant agreement. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the District

Use of Estimates

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

Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements. These amounts are restricted, as their use is limited by external requirements. It is the District's policy to first use restricted assets when available.

Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Fund Equity

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

Fund Balances

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

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

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

Fund Balances (continued)

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

GASB 63

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of Net Assets to Net Position, and consequently, the statement of Net Assets to the statement of Net Position. The District had no deferred inflows or outflows of resources as of June 30, 2014.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2014, consisted of the following:

Imprest cash	\$ 1,000
Cash and investments with the County Treasurer	<u>6,053,217</u>
Total cash and investments	<u>\$ 6,054,217</u>

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the Entity's Investment Policy

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>
Sacramento County *	\$ 6,053,217	\$ 6,053,217	\$ -	\$ -	\$ -
Totals	<u>\$ 6,053,217</u>	<u>\$ 6,053,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Not subject to categorization

Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Since the District holds all its investments with the County of Sacramento in an investment pool, more information can be gained from these investments from evaluating the annual report of Sacramento County. This report can be obtained directly from the Sacramento County Auditor-Controller's office.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Sacramento County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, is as follows:

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$12,994,440	\$ -	\$ -	\$12,994,440
Construction in progress	124,203	1,256,771	-	1,380,974
Total capital assets, not being depreciated	13,118,643	1,256,771	-	14,375,414
Capital assets, being depreciated:				
Buildings and improvements	45,283,483	-	-	45,283,483
Equipment	1,301,118	510,853	-	1,811,971
Total capital assets, being depreciated	46,584,601	510,853	-	47,095,454
Total accumulated depreciation	(23,795,596)	(350,576)	-	(24,146,172)
Total capital assets, being depreciated net	22,789,004	160,277	-	22,949,281
Governmental activities capital assets, net	\$35,907,647	\$ 1,417,048	\$ -	\$37,324,695

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. Active plan members in the District's defined pension plan are required to contribute 3.35% of their semi monthly covered salary for the first \$161 and 5.03% of their semi monthly covered salary over \$161. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the SCERS' Board of Administration. Under the actuarial funding method used by the System, investments are valued at fair value and all unrealized gains and losses are recognized over the next five years. Therefore, contribution rates reflect the impact

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4: DEFINED BENEFIT PENSION PLAN (continued)

of market fluctuations on investments during the five-year period after they occur. The required employer contribution rate for the 2013/2014 fiscal year was 24.81% of annual covered payroll. The contribution requirements of the plan members are established by Articles 6 and 6.8 of the 1937 Act, and are actuarially determined and are based on age of entry into the system. The Sunrise Recreation and Park District's employer contributions to SCERS for the fiscal year ending June 30, 2014 were \$398,906.

Historical trend information showing SCERS progress in accumulating sufficient assets to pay benefits when due are available in SCERS financial statements on a pooled basis. Copies of the SCERS' annual financial report may be obtained from SCERS, 980 9th Street, Suite 750, Sacramento, California 95812.

The District contributes to the Sacramento County Employees' Retirement System (SCERS), an agent multiple – employee defined benefit plan. The District is required by SCERS to participate in a risk pool. The following valuation reports the activity of the risk pool as a whole, and not the specific activity of individual members, such as the District.

Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2012	\$6,529,895,000	\$7,838,223,000	\$1,308,328,000	83.3%	\$875,671,753	149.41%
6/30/2013	\$6,797,757,000	\$8,210,980,000	\$1,413,223,000	82.8%	\$877,655,709	161.02%
6/30/2014	\$7,312,993,000	\$8,580,928,000	\$1,267,935,000	85.2%	\$879,998,011	144.10%

NOTE 5: LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 202,256	\$ 4,530	\$ -	\$ 206,786	\$ -
Certificates of participation	6,735,000	-	160,000	6,575,000	165,000
Capital leases payable	40,806	-	10,860	29,946	10,860
Due to other government	8,248	-	-	8,248	-
Total governmental activities long-term obligations	<u>\$6,986,310</u>	<u>\$ 4,530</u>	<u>\$170,860</u>	<u>\$6,819,980</u>	<u>\$ 175,860</u>

On June 20, 2006, the District's Board approved the "Agreement Between Roseville Joint Union High School District and Sunrise Recreation and Park District for the Joint Construction and Use of Facilities at Antelope High School and Antelope Community Park". The Board conceptually

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 5: LONG-TERM OBLIGATIONS (continued)

approved the issuance of Certificates of Participations (COPs), in an aggregate principal amount of \$7,435,000, for the District to finance a portion of its share of the project cost under the Agreement. The COPs will represent fractional interest in lease payments from the District to the Sacramento County Public Facilities Financing Corporation (PFFC) for the use and possession of certain existing District property, including the District's portion of the joint use site. The lease payments are assigned by the PFFC to a trustee bank for the benefit of the certificate holders. At June 30, 2014 the principal balance due on this note was \$7,170,000. Principal payments are due September 1 of 2008 through the year 2037, escalating from \$130,000 to \$430,000, with interest ranging from 3.95% to 4.5%.

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	165,000	282,560
2016	170,000	275,776
2017	180,000	268,689
2018	185,000	261,298
2019	190,000	253,609
2020-2024	1,085,000	1,138,835
2025-2029	1,335,000	881,483
2030-2034	1,655,000	551,884
2035-2038	1,610,000	148,950
Totals	<u>\$6,575,000</u>	<u>\$4,063,084</u>

NOTE 6: INTERFUND TRANSACTIONS

Transfers

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

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
In-lieu Fees	General Fund	\$ 110,175	Provide funding for capital projects
Total		<u>\$ 110,175</u>	

**SUNRISE RECREATION AND PARK DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 6: INTERFUND TRANSACTIONS (continued)

Interfund balances

Interfund balances report lending transactions between funds. The following is a summary of interfund balances as of June 30, 2014:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Interfund Balances</u>
General fund	\$ 149,152	\$ -	\$ 149,152
Antelope Assessment	-	(149,152)	(149,152)
Total	<u>\$ 149,152</u>	<u>\$ (149,152)</u>	<u>\$ -</u>

The District's general fund loaned its assessment fee fund \$149,152 in order to pay the interest on the certificate of participation that was issued in 2012.

NOTE 7: TRUST ACCOUNTS

The County of Sacramento maintains three trust accounts for the benefit of the District. The corpus of the trusts consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District. The use of these funds is restricted by County ordinance for the purposes of providing park and recreation facilities to serve the local populace. These funds are accounted for in special revenue funds for financial statement presentation and are available to the District upon approval from the District's Advisory Board of Directors.

NOTE 8: OPERATING LEASES

The District has an operating lease for an office copier. There are no material restricts imposed by this agreement. The minimum rental payments required under the operating lease commitments at June 30, 2014, are:

<u>Year Ended June 30,</u>	<u>Primary Government</u>
2015	\$ 4,046
2016	3,371
Total	<u>\$ 7,417</u>

**SUNRISE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 9: CONTINGENCIES

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies, which would have a material effect on the financial condition or liquidity of the District.

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

During the course of analyzing the District's assessment, the District's outside engineering firm retained to assist with preparation of the assessment noticed that there had been a miscalculation of the assessment from previous years. The District has not yet determined the exact amount to be refunded to taxpayers but will record it in its financial statements once a more determinable amount is fixed.

NOTE 10: SERVICE CONCESSION ARRANGEMENTS

The District owns Foothill Golf Course which is operated under a service concession arrangement with a private third party. The terms of the agreement specify that the third party must provide certain capital improvements in exchange for running the golf course. No other fee is due to the District under this agreement. The term of the agreement will lapse in June, 2014.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 28, 2015, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

**SUNRISE RECREATION AND PARK DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

BUDGETARY BASIS OF ACCOUNTING

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

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2014, the Board of Directors approved all necessary supplementary appropriations.

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

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

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

OTHER SUPPLEMENTARY INFORMATION

**SUNRISE RECREATION AND PARK DISTRICT
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2014**

The Sunrise Recreation and Park District is a member of the California Association for Park and Recreation Insurance (CAPRI), which is a joint powers authority consisting of various California special districts. The following insurance coverage is currently maintained:

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

