FULTON-EL CAMINO RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Opinion

We have audited the accompanying financial statements 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, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fulton-El Camino Recreation and Park District as of June 30, 2023, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton-El Camino Recreation and Park District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fulton-El Camino Recreation and Park District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton-El Camino Recreation and Park District's ability to continue as a going concern for a reasonable period of time.

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

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

Larry Bain, CPA,
An Accounting Corporation
April 5, 2024

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, 2023. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

- Total assets of the District decreased from $4,880,960 in 2022 to $4,779,749 in 2023, a decrease of $101,211. The assets of the District exceeded liabilities at the close of the 2022-23 fiscal year by $430,185 (net position) an increase of $145,405 primarily due to an increase in property tax revenue and investment interest.
- Total revenue decreased from $3,723,442 to $3,392,610, a decrease of $330,832, primarily a result of receiving COVID one time funding in the fiscal year ending June 30, 2022.
- Total expenses increased from $3,168,672 to $3,247,205, an increase of $78,533.
- Net position increased from $284,780 to $430,185.

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.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position
Fiscal Years Ended

	June 30, 2023	June 30, 2022
Current and other assets	$ 1,367,495	$ 1,339,186
Capital assets-net	3,412,254	3,541,774
Total assets	4,779,749	4,880,960
Deferred Outflows of Resources:		
Deferred outflows - pension and OPEB	1,008,365	1,123,383
Total deferred outflows of resources	1,008,365	1,123,383
Liabilities		
Current/non current	4,885,553	4,127,411
Total liabilities	4,885,553	4,127,411
Deferred Inflows of Resources:		
Deferred inflows - pension	472,376	1,592,152
Total deferred inflows of resources	472,376	1,592,152
Net Position		
Net investment in capital assets	2,299,857	2,303,035
Unrestricted	(1,869,672)	(2,018,255)
Total net position	$ 430,185	$ 284,780

Condensed Statement of Activities
For Fiscal Years Ended

	June 30, 2023	June 30, 2022
Program Revenue:		
Parks and recreation	$ 749,408	$ 763,312
Operating contributions	684,687	1,198,452
Capital contributions	81,680	
General Revenue:		
Property taxes	1,651,208	1,522,282
Other	60,256	109,869
Investment and rental income	165,371	129,527
Total revenue	3,392,610	3,723,442
Expenses:		
Parks and recreation	3,213,919	3,125,593
Interest on debt	33,286	43,079
Total expenses	3,247,205	3,168,672
Change in net position	145,405	554,770
Net position - beginning	284,780	(269,990)
Net position - ending	$ 430,185	$ 284,780

CAPITAL ASSETS

As of June 30, 2023, the District's investment in capital assets was $2,299,857, net of accumulated depreciation and related debt. 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.

BUDGETARY HIGHLIGHTS

The District's net position increased from $284,780 to $430,185 largely due to increase in property tax revenue and investment interest.

Property tax revenues increased by $128,926 or 8.5 percent over 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On January 1, 2024, the minimum wage will increase to $16 per hour, an increase from $15.50 per hour from January 1, 2023. On the November 2024 ballot is an initiative to increase minimum wage again. This initiative is known as the California $18 per hour Minimum Wage Initiative, if approved the minimum wage will increase to $17 per hour on January 1, 2025 and $18.50 per hour on January 1, 2026, for Employers with 26 or more employees.

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, 2023

	Governmental Activities
Current Assets	
Cash and investments	$ 1,161,124
Prepaid expense	26,986
Due from others	97,625
Grants receivable	81,680
Restricted cash and investments	365
Total current assets	1,367,780
Non-Current Assets	
Capital assets:	
Land	659,256
Intangible assets	18,533
Construction in progress	82,924
Land improvements	7,398,958
Buildings and improvements	2,521,663
Equipment	927,280
Less: accumulated depreciation	(8,312,330)
Leased assets	176,476
Less: accumulated amortization	(60,506)
Capital assets-net	3,412,254
Total assets	4,780,034
Deferred Outflows of Resources	
Deferred outflows-pensions	968,962
Deferred outflows-OPEB	39,403
Total deferred outflows	1,008,365
Liabilities	
Current liabilities:	
Claims payable	170,706
Accrued wage	67,174
Deposits	6,909
Accrued interest	7,351
Due within one year	132,526
Total current liabilities	384,666
Non-current liabilities:	
Due in more than one year	4,501,172
Total liabilities	4,885,838
Deferred Inflows of Resources	
Deferred inflows-pensions	472,376
Total deferred inflows of resources	472,376
Net position (accumulated deficit)	
Net investment in capital assets	2,299,857
Unrestricted	(1,869,672)
Total net position	$ 430,185

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, 2023

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Parks and recreation	$ 3,213,919	$ 749,408	$ 684,687	$ 81,680	$ (1,698,144)
Interest on long-term debt	33,286				(33,286)
Total governmental activities	$ 3,247,205	$ 749,408	$ 684,687	$ 81,680	(1,731,430)
General Revenues:					
Taxes:					
Property tax, levied for general purposes					1,651,208
Investment and rental income					165,371
Other					60,256
Total general revenues					1,876,835
Change in net position					145,405
Net position - beginning					284,780
Net position - ending					$ 430,185

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, 2023

		Major Funds		Non-Major Fund	
	General Fund	Landscape & Lighting District	Maintenance and Improvement District	Developer In-Lieu Fees	Total Governmental Funds
Assets					
Cash and investments	$ 901,685	$ 48,380	$ 211,059	$ -	$ 1,161,124
Prepaid expense	26,986				26,986
Due from others	93,029		4,588	8	97,625
Grant receivable	81,680				81,680
Restricted cash and investments				365	365
Total assets	$ 1,103,380	$ 48,380	$ 215,647	$ 373	$ 1,367,780
Liabilities					
Claims payable	$ 131,655	$ 39,051	$ -	$ -	$ 170,706
Accrued payroll	67,174				67,174
Deferred revenue	48,879				48,879
Deposits	3,719	3,190			6,909
Total liabilities	251,427	42,241			293,668
Fund Balances					
Restricted				373	373
Nonspendable	26,986				26,986
Assigned		6,139	215,647		221,786
Unassigned	824,967				824,966
Total fund balances	851,953	6,139	215,647	373	1,074,112
Total liabilities and fund balances	$ 1,103,380	$ 48,380	$ 215,647	$ 373	$ 1,367,780

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund balances of governmental funds	$ 1,074,112
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.	3,412,254
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	(100,189)
Net lease liability	(122,799)
Net pension liability, deferred inflows/outflows	(1,953,706)
Net OPEB liability, deferred outflows	(931,417)
Accrued interest expense	(7,351)
Deferred revenue	48,879
Long-term debt	(989,598)
Net position of governmental activities	$ 430,185

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, 2023

		Major Funds		Non-Major Fund	
	General Fund	Landscape & Lighting District	Maintenance and Improvement District	Developer In-Lieu Fees	Total Governmental Funds
Revenues					
Property taxes	$ 1,587,173	$ -	$ -	$ -	$ 1,587,173
Intergovernmental revenues	96,836				96,836
Charges for current services	642,928				642,928
Special assessments		437,941	246,746		684,687
Fines forfeitures and penalties	106,480				106,480
Use of money and property	100,661	58,132	6,512	66	165,371
Other revenues and reimbursements	35,643	24,613			60,256
Total revenues	2,569,721	520,686	253,258	66	3,343,731
Expenditures					
Salaries and benefits	1,845,458	117,903	83,368		2,046,729
Services and supplies	587,185	450,151	35,777		1,073,113
Lease principal	27,480				27,480
Lease interest	4,368				4,368
Debt service					
Principal	12,491		86,371		98,862
Interest	768		28,608		29,376
Capital outlay	166,400				166,400
Total expenditures	2,644,150	568,054	234,124		3,446,328
Total revenues over (under) expenditures before other financing sources (uses)	(74,429)	(47,368)	19,134	66	(102,597)
Other Financing Sources (Uses)					
Operating transfers in		34,000			34,000
Operating transfers out	(34,000)				(34,000)
Total other financing sources (uses)	(34,000)	34,000			-
Net change in fund balances	(108,429)	(13,368)	19,134	66	(102,597)
Fund balances, beginning of fiscal year	960,382	19,507	196,513	307	1,176,710
Fund balances, end of fiscal year	$ 851,953	$ 6,139	$ 215,647	$ 373	$ 1,074,112

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, 2023

Net change in fund balances - total governmental funds	$ (102,597)
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	166,400
Depreciation expense	(265,667)
Amortization expense	(30,253)
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.	98,862
Changes to accrued interest are recorded in the statement of net position, but the changes do not affect the fund financial statements.	458
Changes in activity for financing leases do not effect expenditures in the governmental funds, but the change is adjusted through expense in the government-wide statement.	27,480
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.	(36,098)
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.	252,907
Revenue received more than 90 days after fiscal year end is deferred in the fund financial statements, but is recognized as revenue in the statement of activities.	48,879
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.	(14,967)
Change in net position of governmental activities	$ 145,405

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, 2023

	Custodial Funds		
	CRDEB Trust Fund	PARS Trust Fund	Total
Assets			
Cash and investments	$ 27,837	$ 259,907	$ 287,744
Due from others	645		645
Total assets	$ 28,482	$ 259,907	$ 288,389
Net Position			
Held in trust for pension and other employee benefits	$ 28,482	$ 259,907	$ 288,389
Total net position	$ 28,482	$ 259,907	$ 288,389

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, 2023

	Custodial Funds		
	CRDEB Trust Fund	PARS Trust Fund	Total
Additions:			
Employer contributions	$ -	$ 23,301	$ 23,301
Employee contributions		23,301	23,301
Total contributions		46,602	46,602
Investment Income (Loss):			
Net adjustment to fair value of investments	645	5,162	5,807
Total additions (deductions)	645	5,162	5,807
Deductions			
Distributions	(793)	(20,919)	(21,712)
Administrative expenses		(5,410)	(5,410)
Total deductions	(793)	(26,329)	(27,122)
Change in net position	(148)	25,435	25,287
Net Position:			
Held in trust for benefits:			
Beginning of year	28,630	234,472	263,102
End of year	$ 28,482	$ 259,907	$ 288,389

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

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 is 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.

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.

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, 2023, a liability of $100,189 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.

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:

Assets	Useful Life
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' 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.

M. Implementation of New GASB Pronouncements:

GASB Statement No. 87

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the District's financial statements for the year ended June 30, 2023.

Note 2: Cash and Investments

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

Checking account	$	181,370
Imprest cash		300
Cash and investments with county treasurer		979,819
Total cash and investments	$	1,161,489

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.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
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:

		Remaining Maturity (in Months)	
Investment Type	Totals	12 Months or Less	13-48 Months
Sacramento County*	$ 979,819	$ 979,819	$ -
Totals	$ 979,819	$ 979,819	$ -

*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.

Note 2: Cash and Investments (Continued)

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party.

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

At June 30, 2023, the District's deposits balance was $171,300 and the carrying amount was $181,370. 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, 2023 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3: Property Plant and Equipment

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

Governmental Activities	Balance July 1, 2022	Additions Adjustments	Retirements/ Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$ 659,256	$ -	$ -	$ 659,256
Construction in progress		82,924		82,924
Intangible assets	18,533			18,533
Capital assets, being depreciated:				
Land improvements	7,372,505	26,453		7,398,958
Buildings and improvements	2,492,169	43,937	(14,443)	2,521,663
Equipment	921,146	13,087	(6,953)	927,280
Leased assets and improvements	176,476			176,476
Total capital assets, being depreciated	10,962,296	83,477	(21,396)	11,024,377
Less accumulated depreciation for:				
Land improvements	(5,876,061)	(148,038)		(6,024,099)
Buildings and improvements	(1,566,852)	(85,715)	14,443	(1,638,124)
Equipment	(625,145)	(31,915)	6,953	(650,107)
Total accumulated depreciation	(8,068,058)	(265,668)	21,396	(8,312,330)
Less accumulated amortization for:				
Leased assets and improvements	(30,253)	(30,253)		(60,506)
Total capital assets, being depreciated, net	2,863,985	(212,444)	-	2,651,541
Governmental activities capital assets, net	$ 3,541,774	$ (212,444)	$ -	$ 3,412,254

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, 2023:

	Balance July 1, 2022	Additions/ Adjustments	Retirement/ Adjustments	Balance June 30, 2023	Due Within One Year
Compensated absences	$ 85,223	$ 68,513	$ (53,547)	$ 100,189	$ 26,774
Net lease liability	150,279		(27,480)	122,799	28,373
Net pension liability	1,410,297	1,039,995		2,450,292	-
Net OPEB liability	1,222,866		(252,046)	970,820	
Capital leases	1,088,460		(98,862)	989,598	77,379
Total	$ 3,957,125	$ 1,108,508	$ (431,935)	$ 4,633,698	$ 132,526

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 three capital leases as of June 30, 2023 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 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 future minimum lease obligations and the net present value of these minimum equipment lease payments as of June 30, 2023, are as follows:

Fiscal Year Ended June 30,		
2024	$	15,379
2025		11,711
Total minimum lease payments		27,090
Less: Amount representing interest		(1,492)
Present value of minimum lease payments	$	25,598

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%.

Note 4: Long-Term Liabilities (Continued)

The principal and interest payments for this lease as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 62,000	$ 28,929	$ 90,929
2025	63,000	27,039	90,039
2026	65,000	25,102	90,102
2027	67,000	23,104	90,104
2028	69,000	21,045	90,045
2029-2033	380,000	71,966	451,966
2034-2037	258,000	13,965	271,965
Total	$ 964,000	$ 211,150	$ 1,175,150

Net Lease Liability

On May 1, 2022, the District entered into a lease arrangement as lessee with McClellan Park, LLC (Lessor) to finance the use of a building used for the District Police Department. The lease expires on April 30, 2027.The calculated borrowing rate used was 2%. Monthly principal and interest payments of $2,634.46 are due at the beginning of each month, and increase by 2% annually.

Principal and interest payments to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 28,373	$ 3,715	$ 32,088
2025	30,203	2,847	33,050
2026	32,136	1,906	34,042
2027	32,087	914	33,001
Total	$ 122,799	$ 9,382	$ 132,181

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, 2023. Settlements have not exceeded insurance coverage in any of the last three years.

Note 6: 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, 2023, are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	PEPRA Miscellaneous Plan
Hire date	Prior to January 1, 2010	After January 1, 2010	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting s chedule	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	10.87%	8.63%	7.47%

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, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	$	252,799

Note 6: 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, 2023, 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
Miscellanous Plans	$ 2,450,293

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.074%
Proportion - June 30, 2023	0.052%
Change - Increase (Decrease)	-0.022%

For the year ended June 30, 2023, the District recognized pension expense of $288,897. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,250	$ -
Changes in assumptions	251,084	
Net difference between projected and actual earnings on pension plan investments	448,829	
Changes in proportion		(98,515)
Changes in proportionate share of contributions		(373,861)
District contributions subsequent to the measurement date	252,799	
Total	$ 968,962	$ (472,376)

$252,799 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, 2024.

Note 6: 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:		
2024	$	(60,022)
2025	$	(22,663)
2026	$	113,418
2027	$	(274,520)
2028	$	-
Thereafter	$	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	6.90%

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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.

Note 6: 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)(2)
Global equity-cap weighted	30.0%	4.45%
Global equity non-cap weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage backed securities	5.0%	50.00%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management study.

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 calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plans	$ 3,981,459	$ 2,450,293	$ (1,190,523)

Note 7: 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, 2023 the Board of Directors approved PARS to prefund the OPEB liability. The District is not drawing funds from PARS, but 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.

Note 7: Post-Retirement Health Care Benefits (Continued)

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.

Employees Covered By Benefit Terms

As of the OPEB measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	9
Inactive employees entitled to but waiving coverage	
Active employees electing coverage	8
Total	17

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, 2023 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, 2023 the District reported a net OPEB liability of $970,820. The net OPEB liability was measured from July 1, 2021 to June 30, 2022 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, 2021.

Actuarial Assumptions

The net OPEB liability in the June 30, 2021 valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Assumptions:	
Discount Rate	3.69%
Healthcare trend rates	4.04% to 5.30%
Salary increase	Based on CalPERS Experience Study
Inflation factor	2.30%
Investment Rate of Return	N/A

Note 7: 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.

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

The discount rate used to measure the total OPEB liability was 3.69 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 6/30/2022	$ 1,222,866	$ -	$ 1,222,866
Changes for the year:			
Service cost	83,163		83,163
Interest	24,708		24,708
Difference between expected and actual experience	(40,723)		(40,723)
Changes of assumptions	(280,652)		(280,652)
Contribution-employer		38,542	(38,542)
Net investment income			-
Benefit payments	(38,542)	(38,542)	-
Net changes	(252,046)	-	(252,046)
Balances at 6/30/2023	$ 970,820	$ -	$ 970,820

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 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Net OPEB liiability (asset)	$ 1,116,427	$ 970,820	$ 851,974

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)	$ 840,230	$ 970,820	$ 1,133,624

Note 7: Post-Retirement Health Care Benefits (Continued)

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of -$213,504. 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, 2023, 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	39,403	-
Totals	$ 39,403	$ -

$39,403 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, 2024.

Note 8: 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, 2023. The $1,869,671 unrestricted 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. Budgetary control

The Maintenance Assessment District actual expenditures exceeded the budget for service and supply by $23,292. The debt service budget was a component of capital expense.

Note 9: 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, 2023, the account had a balance of $7,061.

Note 10: 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 $16,379 (district share) to the part time participant accounts during the 2022-23 fiscal year.

Note 11: ERAF Property Tax Shift

During the 2022-23 fiscal year the County of Sacramento Department of Finance Auditor Controller Division shifted $716,445 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 2022-23 fiscal year was $14,053,171.

Note 12: Gann Limit

Total subject revenue 2022-23	$ 2,297,125
Amount of limit for 2022-23	5,693,450
Amount (under)/over limit	$ (3,396,325)

Under Article XIIIB 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 XIIIB 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 13: 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.

Note 14: 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. Defense 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, 2023 the District had open professional service agreements and a copier operating lease.

Note 15: Subsequent Event

Subsequent events were evaluated through April 5, 2024, the day these financial statements were available for distribution.

FULTON-EL CAMINO RECREATION AND PARK DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,569,482	$ 1,531,482	$ 1,587,173	$ 55,691
Intergovernmental revenues	189,603	227,603	96,836	(130,767)
Charges for current services	808,877	808,877	642,928	(165,949)
Fines forfeitures and penalties	35,000	35,000	106,480	71,480
Use of money and property	117,000	117,000	100,661	(16,339)
Other revenues	25,000	25,000	35,643	10,643
Total revenues	2,744,962	2,744,962	2,569,721	(175,241)
Expenditures				
Salaries and benefits	1,906,300	1,906,300	1,845,458	60,842
Services and supplies	598,750	598,750	587,185	11,565
Lease principal	27,480	27,480	27,480	-
Lease interest	4,520	4,520	4,368	152
Debt service				
Principal	12,491	12,491	12,491	-
Interest	768	768	768	-
Capital outlay	306,310	306,310	166,400	139,910
Total expenditures	2,856,619	2,856,619	2,644,150	212,469
Total revenues over (under) expenditures before other financing sources (uses)	(111,657)	(111,657)	(74,429)	37,228
Other Financing Sources (Uses)				
Operating transfers out			(34,000)	(34,000)
Total other financing sources (uses)	-	-	(34,000)	(34,000)
Net change in fund balance	$ (111,657)	$ (111,657)	$ (108,429)	$ 3,228
Fund balances, beginning of fiscal year			960,382	
Fund balances, end of fiscal year			$ 851,953	

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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Assessments	$ 430,586	$ 424,582	$ 437,941	$ 13,359
Use of money and property	48,768	72,296	58,132	(14,164)
Miscellaneous	27,175	27,175	24,613	(2,562)
Total revenues	506,529	524,053	520,686	(3,367)
Expenditures				
Salaries and benefits	117,903	117,903	117,903	-
Services and supplies	451,736	451,736	450,151	1,585
Total expenditures	569,639	569,639	568,054	1,585
Total revenues over (under) expenditures before other financing sources (uses)	(63,110)	(45,586)	(47,368)	(1,782)
Other Financing Sources (Uses)				
Operating transfers in			34,000	34,000
Total other financing sources (uses)			34,000	34,000
Net change in fund balance	$ (63,110)	$ (45,586)	(13,368)	$ (1,782)
Fund balances, beginning of fiscal year			19,507	
Fund balances, end of fiscal year			$ 6,139	

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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Assessments	$ 242,347	$ 242,347	$ 246,746	$ 4,399
Use of money and property	60,447	60,447	6,512	(53,935)
Total revenues	302,794	302,794	253,258	(49,536)
Expenditures				
Salaries and benefits	83,368	83,368	83,368	-
Services and supplies	5,570	12,485	35,777	(23,292)
Debt service				
Principal	86,552	86,552	86,371	181
Interest	33,718	33,718	28,608	5,110
Capital outlay	70,447	87,347	-	87,347
Total expenditures	279,655	303,470	234,124	69,346
Net change in fund balance	$ 23,139	$ (676)	19,134	$ (118,882)
Fund balances, beginning of fiscal year			196,513	
Fund balances, end of fiscal year			$ 215,647	

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, 2023

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%
6/30/2022	0.074%	$1,410,298	$554,291	254.43%	69.76%
6/30/2023	0.052%	$2,450,293	$657,542	372.64%	79.27%

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, 2023

Reporting Date For Employer under GASB 68 as of June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contribution as a percentage of covered employee payroll
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%
6/30/2022	$216,036	($216,036)	$0	$554,291	38.98%
6/30/2023	$252,799	($252,799)	$0	$657,542	38.45%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, 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, 2023

Total OPEB liability	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Service cost	$ 83,163	$ 67,838	$ 55,528	$ 59,318	$ 58,036
Interest	24,708	31,913	34,944	41,562	39,469
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(40,723)	(303,675)	332	(161,579)	-
Changes of assumptions	(280,652)	210,392	119,332	72,509	(10,158)
Benefit payments**	(38,542)	(36,419)	(36,419)	(43,008)	(55,358)
Net change in total OPEB liability	(252,046)	(29,951)	173,717	(31,198)	31,989
Total OPEB liability-beginning (a).	1,222,866	1,252,817	1,079,100	1,110,298	1,078,309
Total OPEB liability-ending (b)	$ 970,820	$ 1,222,866	$ 1,252,817	$1,079,100	$1,110,298
Plan fiduciary net position					
Contributions-employer **	$ 38,542	$ 36,419	$ 36,419	$ 43,008	$ 55,358
Net investment income	-	-	-	-	-
Benefit payments	(38,542)	(36,419)	(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)	$ -	$ -	$ -	$ -	$ -
Net OPEB liability-beginning (a)-(c)	$ 1,222,866	$ 1,252,817	$ 1,079,100	$1,110,298	$1,078,309
Net OPEB liability-ending (b)-(d)	$ 970,820	$ 1,222,866	$ 1,252,817	$1,079,100	$1,110,298
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered-employee payroll	N/A	N/A	$ 650,056	$ 606,655	$ 576,189
District's net OPEB liability as a percentage of covered-employee payroll	NA	NA	193%	178%	193%
Measurement date	6/30/2022	6/30/2021	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.

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Note 1: Budgets and Budgetary Accounting:

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

The 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.