

ORANGEVALE RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ORANGEVALE RECREATION AND PARK DISTRICT

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2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orangevale Recreation and Park District
Orangevale, CA

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Orangevale Recreation and Park District as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively make up the 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 Orangevale Recreation and Park District as of June 30, 2024, and the changes in financial position of those activities and funds 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 Orangevale 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 Orangevale 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 Orangevale 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 Orangevale 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

The Orangevale Recreation and Park District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund and landscape and lighting assessment district on pages 26 and 27 the Orangevale 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 28 and 29; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Larry Bain, CPA
An Accounting Corporation
January 30, 2025

ORANGEVALE RECREATION AND PARK DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Governmental Activities</u>
Current Assets	
Cash and investments	\$ 2,245,619
Due from other government	263,397
Leases receivable	31,464
Restricted cash and investments	716,511
Total current assets	<u>3,256,991</u>
Non-Current Assets	
Leases receivable	532,787
Capital assets:	
Land	6,753,783
Construction in progress	285,425
Land improvements	2,955,528
Buildings and improvements	6,427,814
Equipment	1,155,261
Less: accumulated depreciation	<u>(5,799,368)</u>
Total capital assets-net	<u>11,778,443</u>
Total non current assets	<u>12,311,230</u>
Total assets	<u>15,568,221</u>
Deferred Outflows of Resources	
Deferred outflows-pensions	<u>1,446,261</u>
Liabilities	
Current liabilities:	
Claims payable	305,138
Accrued wage	95,591
Deposits	2,100
Accrued interest	8,917
Due within one year	85,519
Total current liabilities	<u>497,265</u>
Non-current liabilities:	
Due in more than one year	<u>2,303,343</u>
Total liabilities	<u>2,800,608</u>
Deferred Inflows of Resources	
Deferred inflows-leases	564,251
Deferred inflows-pensions	819,161
Total deferred inflows of resources	<u>1,383,412</u>
Net Position	
Net investment in capital assets	10,955,443
Unrestricted	1,875,019
Total net position	<u>\$ 12,830,462</u>

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

ORANGEVALE RECREATION AND PARK DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position Governmental Activities
Governmental Activities					
Community services/recreation	\$ 3,397,739	\$ 753,662	\$ 937,714	\$ 72,646	\$ (1,633,717)
Interest on long-term debt	27,290				(27,290)
Total governmental activities	<u>\$ 3,425,029</u>	<u>\$ 753,662</u>	<u>\$ 937,714</u>	<u>\$ 72,646</u>	<u>(1,661,007)</u>

General Revenues:

Taxes:

Property tax, levied for general purposes 1,852,546

Investment income 159,404

Other 5,887

Total general revenues 2,017,837

Change in net position 356,830

Net position - beginning 12,473,632

Net position - ending \$ 12,830,462

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

ORANGEVALE RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	Major Funds			Non-Major Funds		Total Governmental Funds
	General Fund	Orangevale Landscape & Lighting District	Park Development Fees	Developer In-Lieu Fees	Kenneth Grove Assessment District	
Assets						
Cash and investments	\$ 1,535,796	\$ 679,030	\$ -	\$ -	\$ 30,793	\$ 2,245,619
Interest receivable	206,076	17,996	15,544	2,367	736	242,719
Due from other government	20,678		-			20,678
Restricted cash and investments			654,435	62,076		716,511
Total assets	\$ 1,762,550	\$ 697,026	\$ 669,979	\$ 64,443	\$ 31,529	\$ 3,225,527
Liabilities						
Claims payable	\$ 255,097	\$ 50,041	\$ -	\$ -	\$ -	\$ 305,138
Accrued payroll	95,591					95,591
Deposits	2,100					2,100
Deferred revenue-unavailable	20,678					20,678
Total liabilities	373,466	50,041				423,507
Fund Balances						
Restricted			669,979	64,443		734,422
Assigned	1,188,543	646,985			31,529	1,867,057
Unassigned	200,541					200,541
Total fund balances	1,389,084	646,985	669,979	64,443	31,529	2,802,020
Total liabilities and fund balances	\$ 1,762,550	\$ 697,026	\$ 669,979	\$ 64,443	\$ 31,529	\$ 3,225,527

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

ORANGEVALE RECREATION AND PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Fund balances of governmental funds	\$ 2,802,020
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.	11,778,443
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	(121,686)
Accrued interest	(8,917)
Deferred revenue-unavailable	20,678
Net pension liability, deferred inflows/outflows	(817,076)
Long-term debt	(823,000)
Net position of governmental activities	\$ 12,830,462

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

ORANGEVALE RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Major Funds			Non-Major Funds		Total Governmental Funds
	General Fund	Orangevale Landscape & Lighting District	Park Development Fees	Developer In-Lieu Fees	Kenneth Grove Assessment District	
Revenues						
Property taxes	\$ 1,840,417	\$ -	\$ -	\$ -	\$ -	\$ 1,840,417
Intergovernmental revenues	379,129					379,129
Charges for current services	566,036					566,036
Special assessments		565,298	72,506	140	5,416	643,360
Use of money and property	277,086	34,382	29,023	5,161	1,375	347,027
Other revenues and reimbursements	5,887					5,887
Total revenues	3,068,555	599,680	101,529	5,301	6,791	3,781,856
Expenditures						
Salaries and benefits	2,111,347	-			-	2,111,347
Services and supplies	552,286	517,853			4,493	1,074,632
Capital outlay	930,988	354,944				1,285,932
Debt service						
Principal	40,000					40,000
Interest	27,723					27,723
Total expenditures	3,662,344	872,797			4,493	4,539,634
Total revenues over (under) expenditures before other financing sources (uses)	(593,789)	(273,117)	101,529	5,301	2,298	(757,778)
Other Financing Sources (Uses)						
Operating transfers in	122,967					122,967
Operating transfers out			(2,967)	(120,000)		(122,967)
Total other financing sources (uses)	122,967		(2,967)	(120,000)		
Net change in fund balances	(470,822)	(273,117)	98,562	(114,699)	2,298	(757,778)
Fund balances, beginning of fiscal year	1,859,906	920,102	571,417	179,142	29,231	3,559,798
Fund balances, end of fiscal year	\$ 1,389,084	\$ 646,985	\$ 669,979	\$ 64,443	\$ 31,529	\$ 2,802,020

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

ORANGEVALE 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, 2024

Net change in fund balances - total governmental funds	\$ (757,778)
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	1,285,932
Depreciation expense	(270,607)
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.	40,000
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported in governmental funds.	433
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.	46,363
Revenue received more than 90 days after fiscal year is deferred in the fund financial statements, but the revenue is recognized in the statement of activities	-
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.	<u>12,487</u>
Change in net position of governmental activities	<u>\$ 356,830</u>

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

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1: Summary of Significant Accounting Policies

The District was organized by a vote of the public. It is operated 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.

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 Orangevale Landscape and Lighting District and the Kenneth Grove Assessment District 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.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

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 two landscape and lighting maintenance districts that are legally restricted to expenditures for specific purposes.

The District does not operate enterprise funds.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, a long-term liability of \$121,686 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.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the governmental activities and business-type activities columns of the government-wide financial statements. Capital assets include land, buildings and site improvements and equipment and machinery. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

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

J: Deferred Inflows of Resources

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

K. Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

L. Pensions

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

M. GASB Statement No. 87-Leases

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 starting with the fiscal year ended June 30, 2022.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

M. GASB Statement 87-Leases (Continued)

A. *Lessor*

The District acts as the lessor for land used for cell towers and for the disc golf course. The District recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessees or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses an estimated incremental borrowing rate as the discount rate for lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District will monitor changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

Note 2: Cash and Investments

Cash and investments at June 30, 2024, consisted of the following:

Checking account	\$ 20,212
Imprest cash	200
Cash and investments with County Treasurer	<u>2,941,718</u>
Total cash and investments	<u>\$ 2,962,130</u>

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 2: Cash and Investments (Continued)

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

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

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

B. Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13-48 Months</u>
Sacramento County*	\$ 2,941,718	\$ 2,941,718	\$ -
Totals	\$ 2,941,718	\$ 2,941,718	\$ -

*Not subject to categorization

C. Concentrations of Credit Risk

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

D. Custodial Credit Risk

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

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

Note 2: Cash and Investments (Continued)

D. Custodial Credit Risk (Continued)

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

At June 30, 2024, the District's deposits balance was \$20,155 and the carrying amount was \$20,212. 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/AuditorController/Pages/.

Note 3: Lease Receivable

The District derives a portion of its revenue from the rental of real property based on fixed lease amounts. The leases are treated as finance leases for accounting purposes under Governmental Accounting Board Statement No. 87. Following are the leases administered by the District.

- A. The District leases land for a cell tower operated by Crown Castle with a term from June 1, 2020 to September 18, 2046. The lease can be terminated by the lessee at any time and without cause by giving the District written notice of termination. Early termination is not expected. The 2022/23 rent was \$1,597 per month which included \$856 for the lease entered into as of June 1, 2020 plus \$740 paid under an existing lease. Starting September 1, 2026 the payment under the old lease will expire and the lessee will be obligated to pay the \$856 plus a 4% annual increase.
- B. The District leases land for a cell tower operated by American Tower with a term from June 15, 2000 to June 14, 2035. The lease can be terminated by the lessee at any time and without cause by giving the District written notice of termination. Early termination is not expected. The 2022/23 rent was \$2,361.60 and the rent increases by 5% every 5 years.
- C. The District leases land to Final 9 for the operation of a disc golf course. The term of the lease is from October 10, 2002 through October 9, 2023. On September 21, 2023 the District extended the lease through October 9, 2027. The rent is \$550 per month plus Final 9 pays 5% of its concession revenue to the District.

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 3: Lease Receivable (Continued)

Lease receivables consisting of agreements with the cell tower operators and the Final 9 operator for their right-to-use a portion of land at the parks owned by the District. The calculated interest rate used is based on an assumed 3% borrowing rate. For the fiscal year ended June 30, 2024, the District recognized \$35,862 in lease revenue and \$17,422 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2024 is as follows:

	Balance 7/1/2023	Additions	Retirements/ Adjustments	Balance 6/30/2024	Due within One Year	Due in More Than One Year
Lease receivable	\$ 600,113	\$ -	\$ (35,862)	\$ 564,251	\$ 31,512	\$ 532,739

Leases receivable are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 31,512	\$ 16,459	\$ 47,970
2026	37,745	15,409	53,155
2027	31,764	14,341	46,105
2028	31,604	13,445	45,049
2029	33,578	11,913	45,491
2030-2034	214,993	44,100	259,093
2035-2039	55,511	23,190	78,701
2040-2044	81,899	13,853	95,752
2045-2047	45,646	2,135	47,780
Total	\$ 564,251	\$ 154,844	\$ 719,095

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 4: Property Plant and Equipment

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u> <u>Adjustments</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,753,783	\$ -	\$ -	\$ 6,753,783
Construction in progress	308,051	26,413	(49,039)	285,425
Capital assets, being depreciated:				
Land improvements	2,904,912	50,616		2,955,528
Buildings and improvements	5,220,353	1,207,461		6,427,814
Equipment	1,104,780	50,481		1,155,261
Total capital assets, being depreciated	<u>9,230,045</u>	<u>1,308,558</u>		<u>10,538,603</u>
Less accumulated depreciation for:				
Land improvements	(2,179,228)	(87,696)		(2,266,924)
Buildings and improvements	(2,479,830)	(140,874)		(2,620,704)
Equipment	(869,703)	(42,037)		(911,740)
Total accumulated depreciation	<u>(5,528,761)</u>	<u>(270,607)</u>		<u>(5,799,368)</u>
Total capital assets, being depreciated, net	3,701,284	1,037,951		4,739,235
Governmental activities capital assets, net	<u>\$ 10,763,118</u>	<u>\$ 1,064,364</u>	<u>\$ (49,039)</u>	<u>\$ 11,778,443</u>

Note 5: Long-Term Liabilities

The following is a summary of changes in the governmental activities long-term liabilities for the fiscal year ended June 30, 2024:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 134,170	\$ 74,554	\$ (87,038)	\$ 121,686	\$ 43,519
Net pension liability	1,237,154	207,022		1,444,176	-
Capital lease B	863,000		(40,000)	823,000	42,000
Total	<u>\$ 2,234,324</u>	<u>\$ 281,576</u>	<u>\$ (127,038)</u>	<u>\$ 2,388,862</u>	<u>\$ 85,519</u>

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.

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 5: Long-Term Liabilities (Continued)

Capital Leases

A. The District purchased property adjacent to an existing park for \$800,000. A capital lease was obtained to finance the purchase. Fifteen annual payments in the amount of \$76,814, for both principal and interest, will commence on November 15, 2007 and end November 15, 2021 with a prepayment option beginning November 15, 2013. The annual interest rate on this lease is 4.95%. This loan was paid off during the current fiscal year.

B. On September 12, 2019 the District closed escrow, purchasing three buildings on approximately 3.76 acres of land in two parcels for a purchase price of \$917,500. To finance the purchase the District entered into a capital lease agreement on September 1, 2019 with CSDA Finance Corporation which was then assigned to Capital One Public Funding, LLC. The debt incurred under the capital lease was \$993,000 of which \$894,392 was used to pay off the remaining purchase price plus closing fees on the land purchase, \$43,000 was used to pay the cost of issuance for the capital lease and \$55,608 was sent to the District to be used for tenant improvements and reimbursement of the \$25,000 down payment on the property. The semi-annual debt payments start on March 1, 2020 through September 1, 2039 with semi-annual principal and interest payments ranging from \$32,150.15 to \$34,530.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$ 42,000	\$ 26,407	\$ 68,407
2026	43,000	26,407	69,407
2027	44,000	25,041	69,041
2028	46,000	23,628	69,628
2029	48,000	22,182	70,182
2030-2034	261,000	87,296	348,296
2035-2039	306,000	43,048	349,048
2040	33,000	3,201	36,201
Totals	<u>\$ 823,000</u>	<u>\$ 257,210</u>	<u>\$ 1,080,210</u>

Note 6: Park Dedication Fund

The County maintains two funds for the benefit of the Orangevale Recreation and Park District. The corpus of the funds consist of in lieu fees paid by developers of subdivisions within the boundaries of the District. The use of these funds by the District is restricted for the purpose of providing park and recreation facilities to serve the population. The funds are collected by the County of Sacramento building department as part of the developer building fees and then transferred to a District funds established for developer fees. The Board of Directors is required by resolution to authorize transfer of the funds into the general fund of the District, to be spent on restricted projects benefiting the community. The activity of these funds is recorded in special revenue funds of the District.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

Note 7: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry California Association For Park And Recreation 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, 2024. Settlements have not exceeded insurance coverage in any of the last three years.

Note 8: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions –The Orangevale 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.

Benefits Provided – SCERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. Active plan members in the District's defined pension plan are required to contribute 11.32% of their bi-monthly covered salary over \$161 for classic members and 9.90% of all salary for PEPRA members. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The actuarial methods and assumptions used are those adopted by the SCERS' Board of Administration. Under the actuarial funding method used by the System, investments are valued at fair value and all unrealized gains and losses are recognized over the next five years, therefore, contribution rates reflect the impact of market fluctuations on investments during the five-year period after they occur.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Benefits , as a % of eligible compensation	1.50% to 2.00%	1.00% to 2.00%
Required employee contribution rates	11.23%	9.90%
Required employer contribution rates	31.92%	30.50%

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, 2024, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	\$	293,000
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B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability
Miscellaneous plan	\$ 1,444,176

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. For the June 30, 2024 reporting period, the net pension liability of each of the Plans is measured as of June 30, 2023, 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, 2023 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.

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 8: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The District's proportionate share of the net pension liability as of June 30, 2023 and 2024 were as follows:

Proportion - June 30, 2023	0.071%
Proportion - June 30, 2024	0.072%
Change - increase (decrease)	0.001%

For the year ended June 30, 2024, the District recognized pension expense of \$264,309. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 227,564	\$ -
Changes in assumptions	48,213	(105,093)
Net difference between projected and actual earnings on pension plan investments	835,906	(713,489)
Changes in proportion and difference in proportionate share of contributions	24,226	(579)
District contributions subsequent to the measurement date	310,352	
Total	<u>\$ 1,446,261</u>	<u>\$ (819,161)</u>

\$310,352 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, 2025.

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

<u>Measurement period ended June 30:</u>		
2025	\$	29,514
2026	\$	(73,387)
2027	\$	312,808
2028	\$	47,813
2029	\$	-
Thereafter	\$	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	6.75%
Inflation	2.50%
Projected salary increase	4.25% to 9.75%
Investment rate of return	6.75%

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 8: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Discount Rate – The discount rates used to measure the Total Pension Liability (TPL) were 6.75% and 6.75% as of valuation dates June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023 and June 30, 2022 valuation dates.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	40.00%	7.05%
Private Equity	11.00%	10.12%
Public Credit-High Yield	1.00%	4.63%
Public Credit-Leveraged Loan	1.00%	4.07%
Private Credit	5.00%	6.69%
Fixed Income-Core	12.00%	1.97%
Fixed Income-U.S. Treasury	4.00%	1.31%
Core Real Estate	6.00%	3.86%
Value Added Real Estate	1.50%	6.70%
Opportunistic Real Estate	1.50%	8.60%
Absolute Return	7.00%	3.00%
Real Assets	7.00%	7.30%
Liquid Real Return	2.00%	4.40%
Cash	1.00%	0.63%

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 (NPL) for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the NPL would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Discount rate -1% (5.75%)</u>	<u>Current discount rate (6.75%)</u>	<u>Discount rate +1% (7.75%)</u>
Miscellaneous	\$ 2,840,969	\$ 1,444,176	\$ 297,209

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 9: Post Employment Health Care Benefits

On August 20, 2015 the District Board of Directors approved participating in the retiree health care program with Sacramento County. The County retiree medical and dental premiums, contribution levels and eligibility and participation rules are reviewed and approved annually and at other times as needed. The District and all its retirees shall be subject to the same eligibility requirements and all other rules governing the County Retiree Health Insurance Program.

Plan Description The plan is a single-employer plan and it does not issue a publicly available report. The District participates in the County of Sacramento plan, which provides medical and dental insurance and subsidy/offset payments as authorized by the Board of Supervisors on an annual basis. The Board of Supervisors must approve the benefit annually or it is terminated.

All annuitants are eligible to enroll in a retiree medical and/or dental insurance plan in a given calendar year if (1) they began receiving a continuing retirement allowance from SCERS during the calendar year, or (2) they were enrolled in the annual plan previously approved by the County, or (3) they previously waived coverage but elected to enroll during the County authorized enrollment period with a coverage date effective January of the calendar year.

The amount of any medical subsidy/offset payments made available to eligible annuitants shall be calculated based upon the annuitants SCERS service credits.

Neither SCERS nor the County guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of County-sponsored medical and/or dental insurance. Subsidy/offset payments are not a vested benefit of District employees or SCERS membership.

The amount of the subsidy/offset payment, if any, payable on account of enrollment in a County sponsored retiree medical and/or dental insurance plan is established within the sole discretion of the County Board of Supervisors. The amount of the subsidy/offset payments, the funding policy, the annual OPEB Cost and Net OPEB Obligation as well as the funding status and actuarial methods and assumptions can be found in the Sacramento County Comprehensive Annual Financial Report.

Note 10: ERAF Property Tax Shift

During the 2023-24 fiscal year the County of Sacramento Department of Finance Auditor Controller Division shifted \$285,330 (estimated) property tax revenue from the Orangevale 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 Orangevale Recreation and Park District from the 1992-1993 fiscal year through the 2023-24 fiscal year was \$5,298,028.

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 11: Gann Limit

Total Subject Revenue 2023-24	\$ 2,643,181
Amount of limit for 2023-24	<u>4,149,428</u>
Amount (under)/over limit	<u>\$ (1,506,247)</u>

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriation from proceeds of taxes. Under Section 10.5 of Article XIII B the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for inflation and population factors as supplied by the State Department of Finance.

Note 12: 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. Detailed information on governmental fund-type, fund balances are as follows:

	General Fund	Orangevale Landscape & Lighting District	Developer In-Lieu Fees	Park Development Fees	Kenneth Grove Assessment District
Restricted for:					
Developer deposits	\$ -	\$ -	\$ 64,443	\$ 669,979	\$ -
Total restricted			<u>64,443</u>	<u>669,979</u>	
Committed					
Assigned for:					
Capital replacement - Swimming Pool	200,000				
Capital Replacement - Community Center	150,000				
Capital Replacement - Parking Lots & Pathways	50,000				
Capital Replacement - Park Equipment	145,014				
Maintenance		327,579			12,507
Next years budget	643,529	319,406			19,022
Total assigned	<u>1,188,543</u>	<u>646,985</u>			<u>31,529</u>
Unassigned	200,541				
Total fund balance	<u>\$ 1,389,084</u>	<u>\$ 646,985</u>	<u>\$ 64,443</u>	<u>\$ 669,979</u>	<u>\$ 31,529</u>

ORANGEVALE RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 13: Commitments and Contingent Liabilities

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

In the normal course of business, the District is a defendant in various lawsuits. Defence of lawsuits are typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

As of June 30, 2024 the District had professional service agreements and had committed to a long-term copier operating lease.

Note 14: Subsequent Events

Subsequent events were evaluated through January 30, 2025 the date these financial statements were available for distribution.

ORANGEVALE RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,822,340	\$ 1,822,340	\$ 1,840,417	\$ 18,077
Intergovernmental revenues	437,000	437,000	379,129	(57,871)
Charges for current services	587,000	587,000	566,036	(20,964)
Use of money and property	212,500	212,500	277,086	64,586
Other revenues	203,970	203,970	5,887	(198,083)
	<u>3,262,810</u>	<u>3,262,810</u>	<u>3,068,555</u>	<u>(194,255)</u>
Expenditures				
Salaries and benefits	2,183,300	2,183,300	2,111,347	71,953
Services and supplies	607,300	607,300	552,286	55,014
Debt service	71,930	71,930	67,723	4,207
Capital outlay	1,182,000	1,182,000	930,988	251,012
	<u>4,044,530</u>	<u>4,044,530</u>	<u>3,662,344</u>	<u>382,186</u>
Total revenues over (under) expenditures				
Before other financing sources (uses)	<u>(781,720)</u>	<u>(781,720)</u>	<u>(593,789)</u>	<u>187,931</u>
Other Financing Sources (Uses)				
Operating transfers in		33,082	122,967	89,885
Total other financing sources (uses)		<u>33,082</u>	<u>122,967</u>	<u>89,885</u>
Net change in fund balance *	<u>\$ (781,720)</u>	<u>\$ (748,638)</u>	(470,822)	<u>\$ 277,816</u>
Fund balances, beginning of fiscal year			<u>1,859,906</u>	
Fund balances, end of fiscal year			<u>\$ 1,389,084</u>	

* Budget was balanced using carryover fund balance.

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

ORANGEVALE RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ORANGEVALE LANDSCAPE AND LIGHTING DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Assessments	\$ 568,401	\$ 568,401	\$ 565,298	\$ (3,103)
Use of money and property	4,900	4,900	34,382	29,482
Total revenues	<u>573,301</u>	<u>573,301</u>	<u>599,680</u>	<u>26,379</u>
Expenditures				
Services and supplies	566,900	566,900	517,853	49,047
Capital outlay	328,000	328,000	354,944	(26,944)
Total expenditures	<u>894,900</u>	<u>894,900</u>	<u>872,797</u>	<u>22,103</u>
Net change in fund balance	<u>\$ (321,599)</u>	<u>\$ (321,599)</u>	(273,117)	<u>\$ 48,482</u>
Fund balances, beginning of fiscal year			<u>920,102</u>	
Fund balances, end of fiscal year			<u>\$ 646,985</u>	

* Budget was balanced using carryover fund balance.

ORANGEVALE RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
JUNE 30, 2024**

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	0.062%	\$476,789	\$611,000	78.03%	93.16%
6/30/2016	0.066%	\$760,573	\$592,000	128.48%	89.46%
6/30/2017	0.075%	\$1,307,940	\$593,000	220.56%	83.21%
6/30/2018	0.070%	\$1,455,733	\$590,000	246.73%	82.52%
6/30/2019	0.069%	\$1,359,091	\$639,000	212.69%	84.67%
6/30/2020	0.069%	\$1,434,493	\$642,000	223.44%	85.10%
6/30/2021	0.074%	\$2,000,225	\$745,000	268.49%	80.55%
6/30/2022	0.027%	\$113,536	\$731,000	15.53%	98.92%
6/30/2023	0.071%	\$1,237,154	\$822,000	150.51%	89.09%
6/30/2024	0.072%	\$1,444,176	\$892,000	161.90%	87.97%

The schedule is presented to illustrate the requirement to show information for 10 years.

ORANGEVALE RECREATION AND PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
JUNE 30, 2024**

<u>Reporting date for employer under GASB 68 as of June 30</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contribution as a percentage of covered employee payroll</u>
6/30/2015	\$172,000	(\$172,000)	\$0	\$611,000	28.15%
6/30/2016	\$180,000	(\$180,000)	\$0	\$592,000	30.41%
6/30/2017	\$165,000	(\$165,000)	\$0	\$593,000	27.82%
6/30/2018	\$149,000	(\$149,000)	\$0	\$590,000	25.25%
6/30/2019	\$148,000	(\$148,000)	\$0	\$639,000	23.16%
6/30/2020	\$184,000	(\$184,000)	\$0	\$642,000	28.66%
6/30/2021	\$209,000	(\$209,000)	\$0	\$745,000	28.05%
6/30/2022	\$223,000	(\$223,000)	\$0	\$731,000	30.51%
6/30/2023	\$258,000	(\$258,000)	\$0	\$822,000	31.39%
6/30/2024	\$293,000	(\$293,000)	\$0	\$892,000	32.85%

The schedule is presented to illustrate the requirement to show information for 10 years.

ORANGEVALE RECREATION AND PARK DISTRICT

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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.

Orangevale Recreation and Park District

Management Report

June 30, 2024

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

COMMUNICATION OF SIGNIFICANT DEFICIENCIES

Board of Directors
Orangevale Recreation and Park District
Orangevale, CA

We have audited the financial statements of the Orangevale Recreation and Park District as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated January 30, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Orangevale Recreation and Park District's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not detect significant deficiencies in internal controls that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2024-001, 2024-002 and 2024-003 in the following schedule of findings to be significant deficiencies in the District's internal control.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls over financial reporting and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the District's internal control over financial reporting and accordingly this report is not suitable for any other purpose.

This communication is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.



*Larry Bain, CPA,
An Accounting Corporation
January 30, 2025*

**ORANGEVALE RECREATION AND PARK DISTRICT
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2024**

Significant Deficiencies not Deemed Material Weaknesses

Finding 2024-001: We noted the District had a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have also noted this comment in previous audits.

Recommendation: The District should attempt to segregate accounting functions to the greatest extent possible. The Board of Directors also plays a more vital oversight role in reviewing and authorizing accounting records such as cash disbursements, cash receipts, cash transfers, account write-offs, payroll and monthly bank reconciliations. The District could also consider hiring an outside consultant to review the current segregation of incompatible duties to determine the cost of correcting any weaknesses.

FS 2024-002: The District relies on the external auditor to ensure its financial statements are in accordance with GAAP. In addition, the District relies on the external auditor to ensure that all necessary disclosures are included in the notes to the financial statements. The District does not employ a staff member with the necessary knowledge and training to prepare governmental financial statements. We have noted this finding in prior years.

Recommendation: We recommend providing training to staff members regarding preparation of GAAP financial statements, or hire an external qualified accountant who has knowledge in preparing GAAP financial statements. The District could opt to take no action if it deems the cost will outweigh the benefit.

Finding 2024-003: During our review of grant activity we noted the District expended \$22,678 on the trail project during the 2022/23 fiscal year. The project was to be funded with Prop 68 funds and therefore the \$22,678 was recorded to grant receivable and deferred revenue. During our current year testing we did not observe that the District billed for or received the reimbursement from the grant.

Recommendation: We recommend the District review the Prop 68 grant activity and take action to bill for any reimbursable expenditures. The District should also review the period of availability to verify when the deadline is to complete the projects and submit invoices to the grantor.

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

January 30, 2025

To the Board of Directors
Orangevale Recreation and Park District

We have audited the financial statements of the governmental-type activities of Orangevale Recreation and Park District for the year ended June 30, 2024, and have issued our report thereon dated January 30, 2025. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 17, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as communicated in our engagement letter dated July 17, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. During the fiscal year under audit the district did not implement any new accounting standards and the application of existing policies were not changed during the 2023-2024 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. We noted no prior period adjustments recorded in the June 30, 2024 financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Managements estimate of allocating expenses to the landscape and lighting assessment districts is based on expected usage of services and supplies within the assessment district and is part of the budget approved in the engineers report. The district does not allocate salaries to the landscape and lighting assessment district. We analyzed current and prior allocations to determine reasonable trends in allocating expenses to the lighting and landscape assessment districts.

Difficulties Encountered in performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We posted audit adjustments to the June 30, 2024 financial statements to true up principal expense on debt, to true up accrued payroll, to true up accounts payable, to reclassify operating transfers from in lieu revenue, to true up the holding account cash, to recognize due to/due from other funds and to true up capital expense. We also prepared the conversion entries from the fund financial statement presentation to government-wide financial statements.

Disagreements with Management

For purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significance to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter signed January 30, 2025.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Orangevale Recreation and Park District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Larry Bain, CPA,
An Accounting Corporation