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CERTIFIED PUBLIC ACCOUNTANTS

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GOVERNANCE LETTER

To the Board of Directors
Auburn Area Recreation and Park District
Auburn, California

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the Auburn Area Recreation and Park District (the District), for the year ended March 31, 2022, and have issued our report thereon dated July 8, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 22, 2019, 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.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability schedule of contributions to the pension plan and schedule of changes in the total OPEB liability, and related ratios, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material weaknesses in internal controls as a result of our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period after the necessary adjustments were made.

Accounting estimates are an integral part of the financial statement 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 estimates affecting the District's financial statements were determining the depreciable lives and methods used for capital assets, and the accrual of the unfunded pension and OPEB liabilities. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for the unfunded pension liability was determined by an actuarial valuation performed by CalPERS, which is performed annually. The accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed within 30 months and one day than the employers most recent fiscal year-end.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

Pension Liability: Information on the District's pension plans, including the District's share of the unfunded pension liability, is shown in Note G. The District's share of the unfunded pension liability at June 30, 2021, the most recent measurement date, was a $33,404 overfunding, which is reflected as an asset in the District's financial statements as of March 31, 2022. As a result of the changes in the net position liability and related deferred inflows and outflows, the District's pension credit is $893,814.

Liability for Postemployment Benefits: The postemployment benefit (OPEB) disclosure in Note H shows that because the District has not been pre-funding its OPEB plan, the liability has increased to $313,240 as of the March 31, 2020 valuation date, which is reflected in the March 31, 2022 financial statements. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the District's OPEB expense is $35,250 to record changes in the net OPEB liability and deferred inflows.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. During the course of our audit, two audit adjustments to correct balances of the accounts and transactions were made as follows:

- Roll forward government wide net position and individual fund balances.

- Record fair market value adjustment for funds invested in the Placer County Investment Pool

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant 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 dated July 8, 2022.

Management Consultations 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 District'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.

Issues Discussed Prior to Retention of Independent Auditors

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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Richardson & Company, LLP

July 8, 2022

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

Board of Directors
Auburn Area Recreation and Park District
Auburn, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of the Auburn Area Recreation and Parks District (the District) for the year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

No items were noted that warrant consideration.

New Pronouncements

In June 2017, the GASB issued Statement No. 87, *"Leases."* This Statement requires governments to evaluate all leasing agreements, both as leasee and lessor, to determine whether the leases meet the definition under GASB No. 87 of quantifying and recording a right-of-use asset/liability and corresponding lease liability/deferred inflow. The District needs to complete this evaluation and quantify and record the amounts as of March 31, 2023.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and does not affect our report dated July 8, 2022 on the financial statements of the District.

Richardson & Company, LLP

July 8, 2022

AUBURN AREA
RECREATION AND PARK DISTRICT

Audited Financial Statements

March 31, 2022

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AUBURN AREA
RECREATION AND PARK DISTRICT

Table of Contents

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-Wide Financial Statements
Statement of Net Position 11
Statement of Activities 12

Fund Financial Statements
Governmental Funds:
Balance Sheets 13
Reconciliation of the Governmental Fund Balance Sheets to the Government-Wide Statement of Net Position 14
Statements of Revenues, Expenditures, and Changes in Fund Balances 15
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities 16

Notes to the Basic Financial Statements 17

Required Supplementary Information:

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – General Fund 38
Schedule of Proportionate Share of the Net Pension Liability (Unaudited) 39
Schedule of Contributions to the Pension Plan (Unaudited) 39
Schedule of Changes in the Total OPEB Liability and Related Ratios (Unaudited) 40

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Auburn Area Recreation and Park District
Auburn, California

Opinions

We have audited the accompanying financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Auburn Area Recreation and Park District (the District) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of March 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, and schedule of changes in the net OPEB liability and related ratios to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Richardson & Company, LLP

July 8, 2022

AUBURN AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2022

This section of the Auburn Area Recreation and Park District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended March 31, 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021-2022

- The assets of the District exceeded liabilities at the close of the 2021-2022 fiscal year by $10,372,887 (net position). Of this amount, $7,178,167 is invested in capital assets, and $279,344 is restricted for particular purposes.
- As of March 31, 2022, the District's governmental funds reported combined fund balances of $3,709,346, of which $1,603,187 is available to meet the District's current and future needs (unassigned general fund balance).
- At the end of the fiscal year, the unassigned fund balance for the general fund was $1,603,187 or approximately 22% of total general fund expenditures.

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 includes information on the District's assets and liabilities and provide information about the nature and amount 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) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business type 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 combined 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 fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources 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 financial 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. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

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 and major special revenue fund and the District's pension and post-employment benefit plans.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table compares the Statement of Net Position/Fund Balance at March 31, 2022 and 2021:

Condensed Statement of Net Position
Fiscal Years
Ended March 31, 2022 and 2021

	2022	2021
Current and other assets	$ 4,313,736	$ 5,769,017
Capital assets – net	9,234,052	7,436,139
Total assets	13,547,788	13,205,156
Deferred outflows	291,643	497,574
Liabilities		
Current	852,700	597,105
Non-current	2,276,240	3,618,313
Total liabilities	3,128,940	4,215,418
Deferred inflows	337,604	145,622
Net Position:		
Net investment in capital assets	7,178,167	7,156,136
Restricted	279,344	267,836
Unrestricted	2,915,376	1,917,718
Total Net Position	$ 10,372,887	$ 9,341,690

Total net position increased from 2021 to 2022 by 11% or $1,031,197. This increase is mostly due to the 2021-2022 change in CalPERS Pension Liabilities. The Pension Liability of $1,238,090 decreased to an asset of $33,404. The fiscal years liability for post-employment medical benefits (OPEB) will have an effect in the opposite direction as a decrease in net position. The OPEB liability lowered net position by $15,017 from March 31, 2021 to March 31, 2022. A decrease can also be attributed to the annual Depreciation Expense recorded for the fiscal year 2021-2022 in the amount of $455,763.

AUBURN AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2022

A summary of the District's Statement of Activities, recapping the District's revenues earned during the fiscal year ended March 31, 2022 and 2021, and the expenses incurred is as follows:

Condensed Statement of Activities
Fiscal Years
Ended March 31, 2022 and 2021

	2022	2021
Program Revenue:		
Charges for services	$ 1,384,772	$ 592,862
Operating grants and contributions	424,982	33,690
Capital grants and contributions	81,329	3,268
General Revenue:		
Property taxes and assessments	3,798,975	3,612,399
Interest earnings	(80,715)	26,344
Miscellaneous	42,604	47,508
Total Revenue	5,651,947	4,316,071
Expenses:		
Recreation and park activities	4,620,750	4,941,033
Total Expense	4,620,750	4,941,033
Changes in Net Position	1,031,197	(624,962)
Beginning Net Position	9,341,690	9,966,652
Ending Net Position	$ 10,372,887	$ 9,341,690

Following are explanations of significant variances from fiscal year 2021 to 2022.

- Revenues increased by $1,335,876 between 2021 and 2022. This increase was due mostly to the recovery from the 2020-2021 COVID 19 Pandemic, and by an increase in Property Taxes. The recovery from the Pandemic saw patrons coming back to programs and rentals.

- Expenses decreased by $320,283, mostly due to a large reversal in CalPERS estimated pension debt. Operating Expenses actually increased due to inflation.

Financial Analysis of the Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental funds provide information on near-term inflows, outflows and balances of spending resources. Total governmental fund balance at March 31, 2022 was $3,709,346which is a decrease of $1,719,249 in comparison with FY 2021.

The following table shows the fund balance by classifications for the last two years.

Fund Balance	Year ended March 31, 2022	2021
General Fund	$ 3,499,710	$ 5,222,880
Atwood Park Fund	2,429	(1,053)
City Mitigation Fund	207,207	206,768
Total fund balances	$ 3,709,346	$ 5,428,595

Significant changes in fund balances by classification consist of the following.

- General Fund: The fund balance decreased by 33% or $1,723,170 in FY 2021-22. The District spent most of the debt lease funds acquired in the previous year for District-wide Energy Efficiency Projects.

CAPITAL ASSETS

As of March 31, 2022, the District's investment in capital assets totaled $9,234,052 net of accumulated depreciation, which increased by $1,797,913 from 2021. The investment in capital assets includes land, site improvements, buildings and improvements and equipment. Asset increases include an Ashford Park pump for the pond ($49,116), a Placer Hills Pool Chemical Controller ($9,045) and two new servers for Recreation Community and Canyon View Community Centers for $18,290. Facility increases include $30,082 for Regional Park's Tennis Courts Electrical upgrade, $676,360 for a Bike Park on Maidu Dr, $479,636 for a total revamp of James Field at Recreation Park, a new Placer Hills Parking lot for $53,747 and some repairs to the Meadow Vista Pathway as well as new ADA access to the pathway and playground for $26,472. These additions are offset by the recording of depreciation for $455,763. The capital assets are presented in the government-wide statement of net position. Additional information on the District's capital assets can be found in Note D to the financial statements.

LONG-TERM DEBT

As of March 31, 2022, the District has a Sterling Lease debt of $2,082,000 secured to pay for the District's Energy Efficiency Project. The energy savings for this project will be cost neutral for the District. This lease is for the remaining term of 15 years at an interest rate of 2.12%. Note E discusses the District's long-term obligations, which consist of compensated absences, net pension liability and OPEB liability.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's property tax receipts were $5,119 less than budgeted for the fiscal year, and $185,652 more than collected in the prior fiscal year which is primarily due to increasing property values.

The final budget approved by the Board of Directors on March 25, 2021 reflected a projected surplus of $13,417, inclusive of a $90,000 contribution to the Equipment Reserve and a Board required contribution of $5,000 to the ADA reserve and a combined contribution of $113,482 to the CalPERS unfunded Liability reserve and CEPPT and a $25,000 contribution to the Future Capital Construction Reserve. In 2021/2022, the District's base property tax revenues increased by 5%. The Mid-Year Budget Revision reflected a $14,826 forecasted surplus.

The Year in Review

Several accomplishments warrant mention for FY 2021/2022:

ARD purchased a few Assets for the District's Replacement Plan. These Assets were funded through the General Fund. Some of the notable asset purchases included the following:

- A new Irrigation Pump and the installation of Filter for Ashford Park
- A new Pool Chemical Controller for Placer Hills Pool
- 2 new Computer Servers, one for Recreation Community Center and one for Canyon View Community Center
- A new Pool Cover for Placer Hills Pool
- 2 Whole house fans for Recreation Gym

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's overall property tax revenues declined substantially from fiscal year 07/08 through fiscal 2012/2013 and began to recover in FY 2013/2014. The following data illustrate the trends:

2007/2008:	$ 2,711,000
2008/2009:	$ 2,695,000
2009/2010:	$ 2,628,000
2010/2011:	$ 2,443,000
2011/2012:	$ 2,354,000
2012/2013:	$ 2,494,000
2013/2014:	$ 2,466,000
2014/2015:	$ 2,604,000
2015/2016:	$ 2,824,980
2016/2017:	$ 2,999,467
2017/2018:	$ 3,117,857
2018/2019:	$ 3,298,841
2019/2020:	$ 3,479,345
2020/2021:	$ 3,615,399
2021/2022:	$ 3,798,975

The District has been able to balance its budgets each year through attrition, cost cutting, control of benefit expenses and shrewd purchasing of supplies and services. This past year has seen a continued modest increase in property tax revenues. Program revenues had a continued recovery from the Pandemic years which reflected revenue growth for 2021-2022.

Should any member of the public have questions regarding this report, District management may be contacted at the following address:

The audit for Fiscal 2021/2022 may also be viewed at the District's website, **www.auburnrec.com**

Auburn Area Recreation and Park District
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BASIC FINANCIAL STATEMENTS

AUBURN AREA RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

March 31, 2022

ASSETS	
Cash and investments	$ 3,656,385
Restricted cash and investments	456,235
Accounts receivable	42,138
Due from other governments	68,209
Prepaid expenses	57,365
Noncurrent assets:	
Net pension asset	33,404
Capital assets:	
Nondepreciable	4,325,082
Depreciable, net	4,908,970
Total capital assets	9,234,052
TOTAL ASSETS	13,547,788
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	291,643
	291,643
LIABILITIES	
Accounts payable	195,280
Accrued payroll	161,619
Retention payable	108,521
Unearned revenue	116,601
Compensated absences - due within one year	151,679
Lease payable - due within one year	119,000
Due in more than one year:	
Lease payable	1,963,000
Other postemployment benefits (OPEB) liability	313,240
TOTAL LIABILITIES	3,128,940
DEFERRED INFLOWS OF RESOURCES	
Pensions	232,350
Other postemployment benefits (OPEB)	105,254
	337,604
NET POSITION	
Net investment in capital assets	7,178,167
Restricted for:	
City mitigation projects	207,207
Youth assistance	49,126
Arboretum grant projects	13,276
Foundation activities	7,306
Atwood projects	2,429
Unrestricted	2,915,376
NET POSITION	$ 10,372,887

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2022

Functions Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES:					
Parks and recreation	$ 4,620,750	$ 1,384,772	$ 424,982	$ 81,329	$ (2,729,667)
TOTAL GOVERNMENTAL ACTIVITIES	$ 4,620,750	$ 1,384,772	$ 424,982	$ 81,329	(2,729,667)
GENERAL REVENUES					
Property taxes					3,772,090
Special assessments					26,885
Interest earnings					(80,715)
Other revenues					42,604
TOTAL GENERAL REVENUES					3,760,864
Change in net position					1,031,197
Net position at beginning of year					9,341,690
NET POSITION AT END OF FISCAL YEAR					$ 10,372,887

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

March 31, 2022

	General Fund	Non-Major Funds: Atwood Park Fund	Non-Major Funds: City Mitigation Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ 3,449,178		$ 207,207	$ 3,656,385
Restricted cash and investments	456,235			456,235
Accounts receivable	42,138			42,138
Due from other funds		$ 2,429		2,429
Prepaid costs	57,365			57,365
Due from other governments	68,209			68,209
TOTAL ASSETS	$ 4,073,125	$ 2,429	$ 207,207	$ 4,282,761
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	$ 184,245			$ 184,245
Accrued payroll	161,619			161,619
Retention payable	108,521			108,521
Unearned revenue	116,601			116,601
Due to other funds	2,429			2,429
TOTAL LIABILITIES	573,415	-		573,415
FUND BALANCE				
Nonspendable	57,365			57,365
Restricted	95,823	$ 2,429	$ 207,207	305,459
Committed	1,743,335			1,743,335
Unassigned	1,603,187			1,603,187
TOTAL FUND BALANCE	3,499,710	2,429	207,207	3,709,346
TOTAL LIABILITIES AND FUND EQUITY	$ 4,073,125	$ 2,429	$ 207,207	$ 4,282,761

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

March 31, 2022

Fund Balances of Governmental Funds	$ 3,709,346
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.	9,234,052
Pension contributions subsequent to the valuation measurement date and other items will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position.	291,643
Long-term assets are not due and payable in the current period and therefore are not reported in the funds.	
Net pension asset	33,404
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(151,679)
Interest payable	(11,035)
Lease payable	(2,082,000)
OPEB liability	(313,240)
Employee pension and OPEB differences to be recognized in the future as pension or OPEB expense are reported as deferred inflows of resources on the statement of net position.	(337,604)
Net position of governmental activities	$ 10,372,887

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended March 31, 2022

	General Fund	Non-Major Funds: Atwood Park Fund	Non-Major Funds: City Mitigation Fund	Total Funds
REVENUES				
Property taxes	$ 3,772,090			$ 3,772,090
Charges for current services	1,215,926			1,215,926
Special assessments		$ 26,885		26,885
Rents and concessions	168,846			168,846
Interest income	(81,154)		$ 439	(80,715)
Grants and donations	484,311			484,311
Mitigation fees	22,000			22,000
Other revenues	42,658			42,658
Total revenues	5,624,677	26,885	439	5,652,001
EXPENDITURES				
Salaries and benefits	3,337,299	6,027		3,343,326
Services and supplies	1,517,900	19,017		1,536,917
Debt service				
Principal	108,000			108,000
Interest	42,244			42,244
Capital outlay	2,342,563			2,342,563
Total expenditures	7,348,006	25,044	-	7,373,050
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,723,329)	1,841	439	(1,721,049)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,800			1,800
Operating transfers in		1,641	-	1,641
Operating transfers out	(1,641)	-		(1,641)
Total other Financing Sources (Uses)	159	1,641	-	1,800
Change in fund balance	(1,723,170)	3,482	439	(1,719,249)
Fund Balances, March 31, 2021	5,222,880	(1,053)	206,768	5,428,595
Fund Balances, March 31, 2022	$ 3,499,710	$ 2,429	$ 207,207	$ 3,709,346

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2022

Net Change in Fund Balances - Total Governmental Funds	$ (1,719,249)
Amounts reported for governmental activities in the Statement of Activities differ 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	2,342,563
Depreciation expense	(455,763)
Governmental funds report proceeds from disposal of capital assets as revenues. However, in the government-wide statement of activities only the gain or (loss) on the sale of capital assets is reported. This is the difference between the gain or (loss) and proceeds.	(88,887)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-wide Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
Principal repayment	108,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in interest payable	(3,168)
Change in compensated absences liability	(10,863)
Change in net pension obligation and deferred outflows/inflows of resources related to employee pensions	893,814
Change in OPEB liability and deferred outflows/inflows of resources related to OPEB	(35,250)
Change in net position of governmental activities	$ 1,031,197

The accompanying notes are an integral part of these financial statements.

AUBURN AREA RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Auburn Area Recreation and Park District (the District) was organized in 1948 by a vote of the public and operates under the California Public Resources Code Section 5780. The District is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations.

In addition to providing recreational programs and services to the community, the District maintains park sites serving residents of the Auburn area. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to local governments.

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 Friends of the Auburn Area Recreation and Park, Inc. (the Foundation) was created as a non-profit entity under section 501(c)(3) to receive donations, obtain grants, and conduct fundraising events to generate revenues that will enhance the District's recreation programs. The Foundation is reported as a blended component unit of the District because the District's governing body is also the governing body of the Foundation. The Foundation's funds are reported as restricted assets on the District's financial statements as a component of the general fund as of the year ended December 31, 2021 since the Foundation has a different fiscal year end than the District.

Basis of Presentation – Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

The District reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

In addition to the General Fund, the District also has special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes that are nonmajor funds:

Atwood Park Special Revenue Fund – to account for revenues and the associated expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance and servicing of public facilities within Atwood Park.

City Mitigation Special Revenue Fund – to account for revenues and the associated expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance and servicing of public facilities within the City of Auburn.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources. The District considers property taxes available if they are collected within sixty-days after year-end.

Budgetary Principles: As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget on or before April 1 of each fiscal year. Public hearings are conducted on the proposed final budget to review all appropriations and the sources of financing.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level which classifies expenditures by type of goods purchased and services obtained. The Statements of Revenues, Expenditures – Budget to Actual present

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues at the source level and expenditures at the function level. It is not feasible to compare budget to actual data at the object level in this report. Significant amendments and appropriation transfers from contingencies must be approved by the District's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses.

Restricted Cash and Investments: The amount reported as restricted cash and investments consist of debt proceeds from a Site Lease to be used to design, construct and install energy conservation measures at the District facilities and funds deposited into a Section 115 plan trust.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/costs in both the government-wide and fund financial statements. Prepaid costs are reported in the fund financial statements as non-spendable fund balance to indicate they do not constitute resources available for appropriation.

Capital Assets: Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Amortization of assets acquired by way of capital leases are included in depreciation and amortization. Structures, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures	20 years
Equipment	10 years
Computer Equipment	3 years
Vehicles	8 years
Furniture	10 years
Small Tools	5 years

Compensated Absences: The District personnel policy allows employees to accumulate earned but unused vacation. Unused accrued vacation time will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation is recorded in the period accrued.

Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable are reported as expenditures and fund liabilities of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in a governmental fund financial statements for these amounts. Compensated absences are liquidated by the General Fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plans as described in Notes G and H.

Pensions: For purposes of measuring the net pension asset/liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Property Taxes: The County of Placer (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The valuation lien date for all property taxes is January 1. Secured property tax is due in two instalments: the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent penalties after April 10. These taxes are secured by liens on the property being taxed. Unsecured taxes are due in one instalment on billing and are subject to late payment penalties if paid after August 31.

The term "unsecured" refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan," as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the District receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

Unearned Revenue: Unearned revenue represents fees received prior to March 31, 2022 for events that take place after March 31, 2022.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Eliminations have not been made between or within the fund types.

Fund Balance: In the fund financial statements, governmental funds report non-spendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the District's Board of Directors. These amounts cannot be used for any other purpose unless the District's Board modifies, or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the District's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The District's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 2) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 3) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 4) reporting by public entity and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. This Statement is applicable for item 4 above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2021.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the clarification of provisions of Statement 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and cash investments as of March 31, 2022 are classified in the accompanying financial statements as follows:

Cash and investments	$3,656,385
Restricted cash and investments	456,235
	$4,112,620

At March 31, 2022, the District's total cash and investments at fair value were as follows:

Cash:	
Imprest cash	$ 580
Deposits in financial institutions	276,225
Total Cash	276,805
Investments:	
County of Placer investment pool	3,405,695
Investments held by pension trust CEPPT	430,120
Total Investments	3,835,815
Total Cash and Investments	$ 4,112,620

Investment Policy: The County's Board of Supervisors approves an investment policy each year and provides oversight for all pooled investments in the County Treasury. California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The following table identifies the investment types that are authorized for the District by 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.

NOTE B – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	30 years	No limit	No limit
U.S. Treasury Obligations	5 years	No limit	100%
U.S. Agency Securities	5 years	No limit	75%
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	40%
Negotiable Certificates of Deposit	5 years	30%	30%
Repurchase Agreements	7 days	25%	20%
Reverse Repurchase Agreements	1 year	20%	May not be purchased
Mutual Funds	N/A	15%	May not be purchased
Money Market Mutual Funds	N/A	20%	10%
Mortgage Backed Securities	5 years	No limit	May not be purchased
County Pooled Investment Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	365 days	40MM	40MM
Collateralized Obligation	5 years	No limit	May not be purchased
Asset Backed Securities	5 years	No limit	May not be purchased
Collateralized Certificates of Deposit	Not specified	No limit	20%
CDARS Certificates of Deposit	Not specified	30%	30%
Supranational - Washington dollar Denominated IDRD, IFC or IAD	5 years	30%	30%
Corporate Notes	5 years	30%	30%

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investment in the County of Placer Investment Pool: The District's cash is held in the County of Placer's cash and investment pool which is managed by the Placer County Treasurer. The District's cash balances invested in the Placer County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. The amount invested by all public agencies in Placer County's cash and investment pool is $1,773,273,392 at March 31, 2022. Placer County does not invest in any derivative financial products. The Placer County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Placer County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. The Treasurer may require 30 days written notice prior to any withdrawals. This investment is not subject to categorization under GASB No. 3.

Investments in Pension Trust: The District established a Section 115 trust account with CalPERS entitled California Employers' Pension Prefunding Trust (CEPPT) to hold assets that are legally restricted for use in administering the District's pension plan. Trust account holders can select from two strategy options for investments. The District has invested in both the asset allocation Strategy 1 and 2 portfolios. Both portfolios seek to provide capital appreciation and income, but the Strategy 1 portfolio has a higher

NOTE B – CASH AND INVESTMENTS (Continued)

allocation to equities than bonds. The CEPPT Strategy 1 and Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Strategy 1 Target Allocation	Strategy 2 Target Allocation	Target Range	Benchmark
Global Equity	40%	14%	+/- 5%	MSCI All Country World Index IMI (net)
Fixed Income	47%	73%	+/- 5%	Bloomberg Barclays U.S. Aggregate Bond Index
Treasury Inflation-Protected Securities (TIPS)	5%	5%	+/- 5%	Bloomberg Barclays U.S. TIPS Index, Series I.
Real Estate Investment Trusts (REITs)	8%	8%	+/- 5%	FTSE EPRA/NAREIT Developed Index (net)
Cash	0%	0%	+/- 5%	91 Day Treasury Bill
Total	100%	100%		

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment Type	Total	13 to 24 Months	Over 5 Years
County of Placer Investment Pool	$ 3,405,695	$ 3,405,695	
CEPPT - Mutual Funds	430,120		$ 430,120
	$ 3,835,815	$ 3,405,695	$ 430,120

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool and CEPPT investments are not rated.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

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 deposits 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 counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as the County of Sacramento investment pool). The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market

NOTE B – CASH AND INVESTMENTS (Continued)

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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities through the use of government investment pools.

At March 31, 2022, the carrying amounts of the District's deposits were $276,225, and the balances in financial institutions were $352,387. Of the balance in financial institutions, $278,216, was covered by federal depository insurance and $74,171 at March 31, 2022, was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

NOTE C – INTERFUND TRANSACTIONS

Due to/from other funds: Amounts due to and from other funds are cash balances in restricted funds held in the General Fund. Due to/from other funds consisted of the following at March 31, 2022:

Receivable Fund	Payable Fund	Amount
Atwood Park Fund	General Fund	$ 2,429
		$ 2,429

Transfer in/out: With Board approval, resources may be transferred from one District fund to another. Transfers between funds during the fiscal year ended March 31, 2022 were as follows:

Transfer In	Transfer Out	Amount	
Atwood Park Fund	General Fund	$ 1,641	(a)
		$ 1,641	

(a) - Transfer to adjust for park expenses paid out of General Fund

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2022, is as follows:

Governmental Activities	Balance at March 31, 2021	Additions	Deletions	Transfers	Balance at March 31, 2022
Capital assets, not being depreciated:					
Land	$ 1,970,546				$ 1,970,546
Construction in progress	1,479,285	$ 2,211,939	$ (85,826)	$ (1,250,862)	2,354,536
Total capital assets, not being depreciated	3,449,831	2,211,939	(85,826)	(1,250,862)	4,325,082
Capital assets, being depreciated:					
Buildings and improvements	12,847,427	43,821	(37,602)	1,250,862	14,104,508
Equipment and furniture	1,474,220	86,803	(55,608)		1,505,415
Vehicles	282,551		(12,588)		269,963
Total capital assets, being depreciated	14,604,198	130,624	(105,798)	1,250,862	15,879,886
Less accumulate depreciation:					
Buildings and improvements	(9,729,983)	(340,426)	37,602		(10,032,807)
Equipment and furniture	(676,174)	(103,493)	53,805		(725,862)
Vehicles	(211,733)	(11,844)	11,330		(212,247)
Total accumulated depreciation	(10,617,890)	(455,763)	102,737		(10,970,916)
Total capital assets being depreciated, net	3,986,308	(325,139)	(3,061)	1,250,862	4,908,970
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 7,436,139	$ 1,886,800	$ (88,887)	$ -	$ 9,234,052

Depreciation expense for the year was $455,763 and was all charged to the recreation function.

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities for the year ended March 31, 2022:

Governmental Activities:	Balance March 31, 2021	Additions	Deletions	Balance March 31, 2022	Due Within One Year
Lease payable	$ 2,190,000		$ 108,000	$ 2,082,000	$ 119,000
Compensated absences	140,816	$ 10,863		151,679	151,679
Net pension liability (asset)	1,238,090		1,271,494	(33,404)	
OPEB liability	298,223	15,017		313,240	
Totals	$ 3,867,129	$ 25,880	$ 1,379,494	$ 2,513,515	$ 270,679

NOTE E – LONG-TERM OBLIGATIONS(Continued)

Lease Payable: On January 1, 2021, the District executed a lease agreement with CSDA Finance Corporation in the amount of $2,190,000, which was subsequently assigned to Sterling National Bank, to finance the design and build of energy conservation measures for the District. Principal payments of $54,000 to $80,000 and interest payments of $848 to $22,069 are due semi-annually on January 1 and July 1 through January 1, 2037. The lease bears an interest rate of 2.12%. The financing was secured as a result of the Design-Build Energy Services Agreement that the District entered into with Centrica Business Solutions Services Inc. to design, construct and install energy conservation measures into the District's facilities. In the event of default, the lessor may exercise any and all remedies available under law or granted under the lease agreement.

The annual requirements to amortize the outstanding long-term liabilities were as follows at March 31, 2022:

Years Ending March 31	Principal	Interest	Total
2023	$ 119,000	$ 43,513	$ 162,513
2024	122,000	40,969	162,969
2025	125,000	38,361	163,361
2026	127,000	35,711	162,711
2027	130,000	32,998	162,998
2028-2032	691,000	122,292	813,292
2033-2037	768,000	45,474	813,474
	$ 2,082,000	$ 359,318	$ 2,441,318

NOTE F – FUND BALANCE

The following are the components of the Governmental Funds fund balances.

	General	Atwood Park Funds	City Mitigation Fund	Total Governmental Funds
Fund balances:				
Nonspendable:				
Prepaid expenses	$ 57,365			$ 57,365
Total Nonspendable	57,365			57,365
Restricted for:				
Energy efficiency projects	26,115			26,115
Foundation activities	7,306			7,306
Youth assistance	49,126			49,126
Arboretum grant projects	13,276			13,276
Atwood projects		$ 2,429		2,429
City mitigation projects			$ 207,207	207,207
Total Restricted	95,823	2,429	207,207	305,459
Committed:				
Future capital construction	699,370			699,370
Annual equipment replacement	703,959			703,959
COVID relief funding	314,974			314,974
ADA reserve	25,032			25,032
Total Committed	1,743,335			1,743,335
Unassigned:				
Annual contingency	70,000			70,000
Unassigned	1,533,187			1,533,187
Total Unassigned	1,603,187			1,603,187
Total Fund Balances	$ 3,499,710	$ 2,429	$ 207,207	$ 3,709,346

NOTE G – DEFINED BENEFIT PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing rate plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions. assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

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. Members with five years of total service are eligible to retire at age 55 (62 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is 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 Plan's provisions and benefits in effect at March 31, 2022, are summarized as follows:

Hire date	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.250%
Required employer contribution rates - April to June 2021	11.199%	7.874%
Required employer contribution rates - July 2021 to March 2022	11.060%	7.730%

In addition to the contribution rates above, the District was required to make payments of $71,541 toward its unfunded actuarial liability during the year ended March 31, 2022. The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

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 Plan 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 March 31, 2022, the employer contribution to the Plan (all rate plans combined) was $487,936, including the contribution for the employer's unfunded actuarial liability.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of March 31, 2022, the District reported a net pension asset for its proportionate share of the net pension liability/asset of $33,404.

The District's net pension liability/asset is measured as the proportionate share of the net pension liability/asset. The net pension liability/asset of the Plan is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability/asset 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 for the Plan as of March 31, 2022 and 2021 were as follows:

	Miscellaneous Plan
Proportion - June 30, 2020	0.02935%
Proportion - June 30, 2021	-0.00176%
Change - Increase (Decrease)	-0.03111%

For the year ended March 31, 2022, the District recognized pension credit of $684,666. At March 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 208,649	
Change in assumptions		
Net differences between projected and actual earnings on plan investments	29,160	
Difference between actual and allocated contributions		$ 113,947
Difference between expected and actual experience	(3,746)	
Adjustment due to differences in proportions	57,580	118,403
Total	$ 291,643	$ 232,350

The $208,649 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/asset in the following fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2023	$ (52,035)
2024	(57,938)
2025	(47,440)
2026	8,057
	$ (149,356)

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality	Derived using CalPERS Membership Data for all Funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate is 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points.

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 the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan. 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(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.15%
Net Pension Liability	$	958,501
Current Discount Rate		7.15%
Net Pension Asset	$	(33,404)
1% Increase		8.15%
Net Pension Asset	$	(853,398)

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE H – OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Description: The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan). The District currently provides retiree health benefits to eligible Non-bargaining employees. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

NOTE H – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Non-represented employees are eligible for District-paid retiree medical benefits upon attainment of age 50 and 5 years of service. The District contributes the PEMHCA minimum under the unequal method (5% times number of years the District has been in PEMHCA). The District's non-represented group joined PEMHCA in 2015. Employees must work more than 30 hours a week to be eligible for benefits. The statutory minimum was $143.00 per month for 2021 that the District designates for PEMHCA. The $143.00 per month increased to $149.00 per month in 2022, which is scheduled by law to be indexed with medical inflation (CPI). In addition to the PEMHCA minimum, the District pays all administrative fees.

The Plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Employees Covered by Benefit Terms: As of the March 31, 2022 valuation, the following employees were covered by the Plan's benefit terms:

Active employees	33
Inactive employees or beneficiaries currently receiving benefit payments	2
	35

Contributions: The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Directors subject to the District's Memorandums of Understanding with bargaining units. The required contribution is based on actual retiree health insurance premium payments required under the Plan. For the year ended March 31, 2022, the District contributed $441 to the Plan through pay-as-you-go health insurance benefit payments on behalf of Plan members. Plan members did not make any contributions to the Plan. The District does not contribute to a trust fund on behalf of employees.

OPEB Liability: The District's OPEB liability of $313,240 was measured as of March 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of March 31, 2020.

Actuarial Assumptions: The net OPEB liability in the March 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.83%
Salary increases	2.75%
Inflation	2.75%
Healthcare cost trend rates	5.80% for 2022; and decreasing to rate of 5.00% for 2030 and later years
Mortality rates	RP-2014 Employee Mortality Table, without projection
Pre-Retirement	RP-2014 Health Annuitant Mortality Table, without projection

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

NOTE H – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 2.83%. The discount rate is based on the Fidelity GO AA 20 Years Municipal Index. The discount rate was increased from 2.27% to 2.83% for the year ended March 31, 2022.

Changes in the Total OPEB Liability: The change in the total OPEB liability for the plan is as follows:

	Total OPEB Liability
Balance at March 31, 2021	$ 298,223
Changes for the year:	
Service cost	37,604
Interest on the total OPEB liability	7,613
Change in assumption on other inputs	(29,274)
Benefit payments	(926)
Net changes	15,017
Balance at March 31, 2022	$ 313,240

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 1.83%	Discount Rate 2.83%	1% Increase 3.83%
Total OPEB liability	$ 367,992	$ 313,240	$ 268,466

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease 4.80% for 2021 (4.80% decreasing to 4.00%)	Current Healthcare Cost Trend Rates 5.80% for 2021 (5.80% decreasing to 5.00%)	1% Increase 6.80% for 2021 (6.80% decreasing to 6.00%)
Total OPEB liability	$ 248,301	$ 313,240	$ 400,803

OPEB Plan Fiduciary Net Position: The Plan does not have fiduciary net position as the District does not contribute to a qualified trust fund on behalf of the participants.

NOTE H – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended March 31, 2022, the District recognized OPEB expense of $36,176. At March 31, 2022, the District reported deferred inflows of $105,254 for changes in assumptions or other inputs. These changes of assumptions are recognized over the expected average remaining service lifetime (EARSL), which was 13.4 years at March 31, 2020 valuation date. Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended March 31	
2023	$ (9,041)
2024	(9,041)
2025	(9,041)
2026	(9,041)
2027	(9,041)
Thereafter	(60,049)
	$ (105,254)

NOTE I – RISK MANAGEMENT

The District is self-insured for comprehensive liability coverage as a member of the California Association for Park and Recreation Insurance (CAPRI). CAPRI is a public agency risk pool created pursuant to a joint powers' agreement between the numerous member Districts. CAPRI manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held, and an experience factor. CAPRI reinsures through a commercial carrier for claims in excess of $1,000,000 for each insured event. The District also participates in the Special District Risk Management Authority (SDRMA) Workers' Compensation and Employers' Liability Coverage Agreement.

Coverage provided under CAPRI and SDRMA are as follows:

Workers' compensation coverage of $5,000,000 under (SDRMA) with zero-member deductible.

Comprehensive general liability coverage with a $25,000,000, including $1,000,000 (CAPRI) self-insured limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

Public officials and employee liability coverage with a $1,000,000 annual aggregate limit per member district because of a wrongful act which occurs during the coverage period for which the coverage applies. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

Flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence, or 5% for earthquake and $50,000 for flood or wildfire, of the value of the building, contents, and/or structure damaged, whichever is greater.

Theft and employee dishonesty coverage with a limit of $1,000,000 and a deductible of up to $25,000 per occurrence, with $5,000 deductible.

NOTE J – COMMITMENTS AND CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operation and financial performance depends on certain developments, including the duration and spread of the outbreak, and the impact on customers, taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain and the accompanying financial statements include no adjustments relating to the effects of the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN AREA RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended March 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 3,804,247	$ 3,804,247	$ 3,772,090	$ (32,157)
Charges for current services	1,183,103	1,183,103	1,215,926	32,823
Rents and concessions	178,525	178,525	168,846	(9,679)
Capital contributions	-	-	22,000	22,000
Interest income	9,987	9,987	(81,154)	(91,141)
Grants and donations	318,688	318,688	484,311	165,623
Other revenues	45,424	45,424	42,658	(2,766)
Total revenues	5,539,974	5,539,974	5,624,677	84,703
EXPENDITURES				
Salaries and benefits	3,365,340	3,365,340	3,337,299	28,041
Services and supplies	1,650,299	1,650,299	1,517,900	132,399
Debt service				
Principal	108,000	108,000	108,000	-
Interest	42,245	42,245	42,244	1
Capital outlay	2,928,159	2,928,159	2,342,563	585,596
Total expenditures	8,094,043	8,094,043	7,348,006	746,037
Excess (Deficit) of Revenues Over (Under) Expenditures	(2,554,069)	(2,554,069)	(1,723,329)	830,740
Other Financing Sources (Uses)				
Proceeds from capital assets	-	-	1,800	1,800
Operating transfers out	-	-	(1,641)	(1,641)
Total other Financing Sources (Uses)	-	-	159	159
Change in fund balance	(2,554,069)	(2,554,069)	(1,723,170)	830,899
Fund Balances, March 31, 2021	5,222,880	5,222,880	5,222,880	-
Fund Balances, March 31, 2022	$ 2,668,811	$ 2,668,811	$ 3,499,710	$ 830,899

AUBURN AREA RECREATION AND PARK DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended March 31, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Proportion of the Net Pension (Asset) Liability	(0.00176)%	0.02935%	0.02691%	0.02438%	0.02452%	0.02460%	0.02911%	Varies by plan
Proportionate Share of the Net Pension (Asset) Liability	$ (33,474)	$ 1,238,282	$ 1,077,459	$ 934,479	$ 986,748	$ 789,035	$ 458,264	$ 458,264
Covered Payroll - Plan Measurement Period	$ 1,766,643	$ 1,967,043	$ 1,837,958	$ 2,059,404	$ 1,874,729	$ 1,719,670	$ 1,333,961	$ 1,333,961
Proportionate Share of the Net Pension (Asset) Liability as Percentage of Covered Payroll	-1.89%	62.94%	58.63%	45.37%	52.63%	45.88%	34.36%	34.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	100.44%	81.76%	82.82%	83.03%	80.11%	80.64%	84.92%	84.92%

Notes to Schedule

Change in Benefit Terms: None

Changes in Assumptions: The demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Contractually Required Contribution (Actuarially Determined)	$ 244,543	$ 233,536	$ 164,229	$ 159,730	$ 139,616	$ 128,997	$ 121,477	$ 150,179
Contributions in Relation to the Actuarially Determined Contributions	(487,936)	(373,536)	(164,229)	(159,730)	(139,616)	(128,997)	(121,477)	(150,179)
Contribution Deficiency (Excess)	$ (243,393)	$ (140,000)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll - Employer Fiscal Year	$ 1,815,665	$ 1,742,513	$ 1,961,011	$ 2,241,916	$ 2,051,404	$ 1,874,729	$ 1,719,670	$ 1,333,961
Contributions as a Percentage of Covered Payroll	12.83%	13.47%	8.37%	6.95%	7.12%	6.88%	7.06%	11.26%

Notes to Schedule

Valuation date	June 30, 2020	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:								
Amortization Method	Level dollar amount	Entry age normal						
Remaining Amortization Period		Level percentage of payroll, closed						
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Investment Rate of Return	7.00%	7.00% (2)	7.25% (2)	7.375% (2)	7.65% (2)	7.65% (2)	7.65% (2)	7.50% (2)
Payroll growth	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%

Notes to Schedule

(1) Net of administrative expenses; includes inflation.

(2) Varies by entry age and service.

(3) 3.27% to 13.27% depending on entry age and service.

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

AUBURN AREA RECREATION AND PARK DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended March 31, 2022

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2022	2021	2020
Total OPEB liability:			
Service cost	$ 37,604	$ 28,779	$ 16,000
Interest	7,613	5,992	5,614
Changes in benefit terms		108,149	
Changes in assumptions or other inputs	(29,274)	(91,877)	
Benefit payments	(926)	(584)	(462)
Net change in total OPEB liability	15,017	50,459	21,152
Total OPEB liability - beginning	298,223	247,764	226,612
Total OPEB liability - ending	$ 313,240	$ 298,223	$ 247,764
Covered-employee payroll - measurement period	$ 1,787,813	$ 1,562,465	$ 719,947
Total OPEB liability as percentage of covered-employee payroll	17.52%	19.09%	34.41%
Notes to schedule:			
Valuation date	March 31, 2020	March 31, 2020	March 31, 2020
Measurement period - fiscal year ended	March 31, 2022	March 31, 2021	March 31, 2020

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Omitted years: GASB Statement No. 75 was implemented during the year ended March 31, 2020. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT TESTING

Board of Directors
Auburn Area Recreation and Park District
Auburn, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the Auburn Area Recreation and Park District (the District) for the year ended March 31, 2022. These procedures, which were agreed to by the District and the League of California Cities (as presented in the publication entitled Article XIII-B *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed By of the California Constitution*) were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District management is responsible for the appropriations limit calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the District's calculation of the 2021 2022 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors.

   Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIIIB which states that the District may annually adjust the component for either the change in California per capita personal income or, the percentage change in the District's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIIIB which states that the District may annually choose to adjust the component for either the change in population in the County in which the District is located, or the change in population within the unincorporated area of the County in which the District is located. We recalculated the factor based on the above information.

   Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the Board of Directors for the prior year.

   Finding: We noted the County prepares the appropriations limit calculation, but the District's Board of Directors does adopt it.

5. We recalculated the 2021/2022 Appropriation Limit by multiplying the product of the two above factors by the 2020/2021 appropriation limit.

   Finding: No exceptions were noted as a result of our procedures.

6. We compared the District's actual expenditures to the computed appropriation limit for fiscal year 2021/2022.

   Finding: For the 2021/2022 fiscal year, the District's actual expenditures subject to the appropriations limit did not exceed the calculated appropriation limit.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the use of the District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

July 8, 2022