

MISSION OAKS RECREATION & PARK DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2019



MISSION OAKS RECREATION & PARK DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mission Oaks Recreation & Park District
Carmichael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Mission Oaks Recreation & Park District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 aggregate remaining fund information of the Mission Oaks Recreation & Park District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7, budgetary comparison information on pages 35 - 36, Schedule of the District's Proportionate Share of Net Pension Liability on page 37, Schedule of the District's Contributions on page 38, Schedule of Changes in Total OPEB Liability and Related Ratios on page 39, and related notes to required supplementary information on page 40, 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.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Harshmal & Company LLP

Oakland, California
June 13, 2022

**MISSION OAKS RECREATION & PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

This section of the Mission Oaks Recreation & Park District's (the "District") annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2019. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR

Government-Wide Highlights

- The assets of the District exceeded liabilities at the close of the 2019 fiscal year by \$12,545,911 (net position), a decrease over the previous year by \$549,101, and restatement of \$847,966. Of this amount, \$(623,682) is the unrestricted net position, \$45,634 is the restricted net position, and \$13,123,959 is the net investment in capital assets.

Governmental Fund Highlights

- As of June 30, 2019, the District's governmental funds reported combined fund balances of \$2,163,870, of which \$45,634 is restricted for park development and \$2,118,236 is available to meet the District's current and future needs (unassigned fund balance).
- Unassigned fund balance for the general fund was \$2,189,625 or 65.24% of total general fund expenditures as of June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

Government-wide Financial Statements: are designed to provide readers with a broad overview of the District's finances.

- ***The Statement of Net Position:*** presents information on all the District assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ***The Statement of Activities:*** presents information showing how net position changed during the 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 (i.e. uncollected taxes and earned but unused vacation leave.)

**MISSION OAKS RECREATION & PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONT'D

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 demonstrate finance-related compliance. All of the funds of the District are divided into one category which are all considered governmental funds.

- *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements: provide additional information that is essential to a full understanding of the data provided in the District's basic financial statements. The notes are included immediately following the basic financial statements within this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Overall, the District has started to experience a recovery of its property tax base and increases in program revenue generation while holding operational costs increases to the minimum possible to achieve objectives. The District has continued to work in partnership with other recreation & park districts, schools, community organizations, and service groups, and business to address the mission to satisfy the recreational needs of the community by providing a wide range of facilities and opportunities to enrich the quality of life.

**MISSION OAKS RECREATION & PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D

The following is a summary of the District's Statements of Net Position as of June 30, 2019, and June 30, 2018.

Table 1: Condensed Statements of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Current and other assets	\$ 3,058,584	\$ 2,120,655	\$ 937,929
Capital assets, net	<u>13,123,959</u>	<u>13,621,977</u>	<u>(498,018)</u>
Total assets	<u>16,182,543</u>	<u>15,742,632</u>	<u>439,911</u>
Deferred outflows of resources	1,755,265	2,932,198	(1,176,933)
Liabilities			
Current and other liabilities	894,714	335,141	559,573
Long-term liabilities	<u>3,559,892</u>	<u>3,360,948</u>	<u>198,944</u>
Total liabilities	<u>4,454,606</u>	<u>3,696,089</u>	<u>758,517</u>
Deferred inflows of resources	937,291	1,035,763	(98,472)
Net position			
Net investment in capital assets	13,123,959	13,621,977	(498,018)
Restricted	45,634	1,769	43,865
Unrestricted (deficit)	<u>(623,682)</u>	<u>319,232</u>	<u>(942,914)</u>
Total net position	<u>\$ 12,545,911</u>	<u>\$ 13,942,978</u>	<u>\$ (1,397,067)</u>

**MISSION OAKS RECREATION & PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D

The following is a summary of the District's Statements of Activities for the fiscal year ended June 30, 2019, and June 30, 2018.

Table 2: Condensed Statements of Activities

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Program revenues			
Recreation services	\$ 666,604	\$ 697,906	\$ (31,302)
General revenues			
Property taxes and assessments	3,850,134	3,724,385	125,749
Use of money and property	118,578	80,755	37,823
Miscellaneous	<u>346,498</u>	<u>298,580</u>	<u>47,918</u>
Total revenues	<u>4,981,814</u>	<u>4,801,626</u>	<u>180,188</u>
Expenses			
Recreation and park activities	<u>5,530,915</u>	<u>4,843,585</u>	<u>687,330</u>
Total expenses	<u>5,530,915</u>	<u>4,843,585</u>	<u>687,330</u>
Change in net position	<u>\$ (549,101)</u>	<u>\$ (41,959)</u>	<u>\$ (507,142)</u>

Capital Assets and Debt Administration

As of June 30, 2019, the District's investment in capital assets totaled \$13,123,959 net of accumulated depreciation. The investment in capital assets includes land, site improvements, buildings and improvements, and equipment. The capital assets are presented in the government-wide statement of net position. The following is a summary of the District's capital assets and related accumulated depreciation as of June 30, 2019, and June 30, 2018.

Table 3: Capital Assets

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 2,696,540	\$ 3,380,584
Construction in progress	749,562	3,736,071
Site improvements	9,695,977	6,709,054
Buildings and improvements	7,334,600	6,728,547
Equipment	<u>420,559</u>	<u>512,972</u>
Total capital assets	20,897,238	21,067,228
Less: accumulated depreciation	<u>(7,773,279)</u>	<u>(7,445,251)</u>
Net capital assets	<u>\$ 13,123,959</u>	<u>\$ 13,621,977</u>

**MISSION OAKS RECREATION & PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D

Projects completed during 2019 include:

Assessment District Improvements/Projects

- Redevelopment of Eastern Oak Community Park

GENERAL FUND BUDGETARY HIGHLIGHTS

In reviewing the final budget versus actual activity, tax revenues were \$192,279 higher than projected as assessed property values continued to grow. Intergovernmental revenues were lower than the budgeted by \$5,374 due in part to less grant funding than anticipated. Other revenues were \$15,144 higher than budget due to unanticipated Sac Suburban Water reimbursements. Recreation revenues were \$1,108 higher due to an increase in participants and new programs and activities.

General fund expenditures were less than the budget by \$472,376. The difference was due mainly to the saving in salaries & benefits and services & supplies and because the District did not spend the contingency fund appropriation. The complete general fund budget to actual comparison schedule is included as required supplementary information following the basic financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District has weathered economic conditions of the last few years by being financially conservative and with a “pay as you go” approach to spending. This has enabled the District to continue ADA improvements and safety improvements at various parks.

The District is entering into its 19th year of the Maintenance and Improvement Assessment which is an essential part of maintaining and improving the park system and program. The District will continue to be a good partner of the San Juan Unified School District and will continue to seek potential partners for continued growth for the Arden Arcade and Carmichael communities.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District’s customers, investors, and other interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact:

District Administrator Daniel Burton
(916) 488-7276 ext. 3011 or
Mission Oaks Recreation & Park District
(916) 488-2810.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MISSION OAKS RECREATION & PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental activities
ASSETS	
Cash and investments	\$ 2,598,791
Restricted cash and investments	64,384
Interest receivables	20,365
Due from other government	375,044
Capital assets, net	13,123,959
Total assets	16,182,543
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	1,751,854
Deferred outflows of resources - OPEB	3,411
Total deferred outflows of resources	1,755,265
Total assets and deferred outflows of resources	17,937,808
LIABILITIES	
Accounts payable and accruals	293,104
Accrued payroll	432,054
Deposits	169,556
Compensated absences	560,572
Net pension liability	2,892,660
Total OPEB liability	106,660
Total liabilities	4,454,606
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	932,463
Deferred inflows of resources - OPEB	4,828
Total deferred inflows of resources	937,291
Total liabilities and deferred inflows of resources	5,391,897
NET POSITION	
Net investment in capital assets	13,123,959
Restricted	45,634
Unrestricted (deficit)	(623,682)
Total net position	12,545,911
Total liabilities, deferred inflows of resources and net position	\$ 17,937,808

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

MISSION OAKS RECREATION & PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Services	Charges for Services	Net (Expense) Revenue, and Change in Net Position
				Governmental Activities
Governmental Activities:				
Recreation	\$ 5,530,915	\$ 666,604		\$ (4,864,311)
Total governmental activities	<u>\$ 5,530,915</u>	<u>\$ 666,604</u>		<u>(4,864,311)</u>
General revenue:				
Property taxes				2,841,679
Intergovernmental revenues				293,373
Special assessments - assessment district				1,008,455
Use of money and property				118,578
Donations, insurance proceeds, and other				<u>53,125</u>
Total general revenue				<u>4,315,210</u>
Change in net position				(549,101)
Net position - beginning of year				<u>13,942,978</u>
Restatement				<u>(847,966)</u>
Net position - beginning of year, restated				<u>13,095,012</u>
Net position - end of year				<u>\$ 12,545,911</u>

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

FUND FINANCIAL STATEMENTS

MISSION OAKS RECREATION & PARK DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Landscape and Lighting Assessment District</u>	<u>Other Nonmajor funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 2,393,364	\$ 55,371	\$ 150,056	\$ 2,598,791
Restricted cash and investments	-	-	64,384	64,384
Interest receivables	18,674	(98)	1,789	20,365
Due from other government	<u>375,044</u>	<u>-</u>	<u>-</u>	<u>375,044</u>
Total assets	<u>2,787,082</u>	<u>55,273</u>	<u>216,229</u>	<u>3,058,584</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable and accruals	166,641	126,463	-	293,104
Accrued payroll	431,855	199	-	432,054
Deposits	<u>(1,039)</u>	<u>-</u>	<u>170,595</u>	<u>169,556</u>
Total liabilities	<u>597,457</u>	<u>126,662</u>	<u>170,595</u>	<u>894,714</u>
FUND BALANCE				
Reserved for park development	-	-	45,634	45,634
Unassigned	<u>2,189,625</u>	<u>(71,389)</u>	<u>-</u>	<u>2,118,236</u>
Total fund balance	<u>2,189,625</u>	<u>(71,389)</u>	<u>45,634</u>	<u>2,163,870</u>
Total liabilities and fund balance	<u>\$ 2,787,082</u>	<u>\$ 55,273</u>	<u>\$ 216,229</u>	<u>\$ 3,058,584</u>

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

MISSION OAKS RECREATION & PARK DISTRICT
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund balances - total governmental funds		\$ 2,163,870
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital assets	20,897,238	
Less: Accumulated depreciation	<u>(7,773,279)</u>	13,123,959
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.		
Deferred outflows of resources related to OPEB	3,411	
Deferred outflows of resources related to pensions	1,751,854	
Deferred inflows of resources related to OPEB	(4,828)	
Deferred inflows of resources related to pensions	<u>(932,463)</u>	817,974
Liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Liabilities at year end consist of:		
Net pension liability	(2,892,660)	
Total OPEB liability	(106,660)	
Compensated absences	<u>(560,572)</u>	<u>(3,559,892)</u>
Net position of governmental activities		<u>\$ 12,545,911</u>

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

MISSION OAKS RECREATION & PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Landscape and Lighting Assessment District</u>	<u>Other Nonmajor funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 2,841,679	\$ -	\$ -	\$ 2,841,679
Intergovernmental revenues	229,626	63,747	-	293,373
Special assessments - assessment district	-	1,008,455	-	1,008,455
Charges for services	641,108	25,496	-	666,604
In-lieu fees	-	-	-	-
Use of money and property	89,909	28,669	-	118,578
Donations, insurance proceeds, and other	<u>83,735</u>	<u>(30,610)</u>	-	<u>53,125</u>
Total revenues	<u>3,886,057</u>	<u>1,095,757</u>	<u>-</u>	<u>4,981,814</u>
EXPENDITURES				
Current:				
Salaries and benefits	2,350,648	-	-	2,350,648
Services and supplies	1,005,841	472,655	-	1,478,496
Capital outlay	<u>-</u>	<u>774,312</u>	<u>-</u>	<u>774,312</u>
Total expenditures	<u>3,356,489</u>	<u>1,246,967</u>	<u>-</u>	<u>4,603,456</u>
Net change in fund balance	529,568	(151,210)	-	378,358
Fund balance - beginning of year	<u>1,660,057</u>	<u>79,821</u>	<u>45,634</u>	<u>1,785,512</u>
Fund balance - end of year	<u><u>\$ 2,189,625</u></u>	<u><u>\$ (71,389)</u></u>	<u><u>\$ 45,634</u></u>	<u><u>\$ 2,163,870</u></u>

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

MISSION OAKS RECREATION & PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	378,358
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures and sale of capital assets as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay exceeds depreciation expense in the period.</p>		
Capital outlays	846,427	
Depreciation	<u>(593,261)</u>	253,166
<p>Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported in the governmental funds.</p>		
		(423,734)
<p>Governmental funds report the District's OPEB, and pension contributions as expenditures. However, in the Statement of Activities, the cost of OPEB, and pension benefits earned net of employee contributions is reported as pension expenses:</p>		
Net OPEB income (expenses)	(11,295)	
Net pension income (expenses)	<u>(745,596)</u>	<u>(756,891)</u>
Change in net position in governmental activities	\$	<u><u>(549,101)</u></u>

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

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - ORGANIZATION

Mission Oaks Recreation & Park District (the "District") was organized in 1975 by a resolution passed by the County of Sacramento (the "County") Board of Supervisors, under the California Public Resources Code, Section 5780. It is operated under the direction of a five-member Advisory Board of Directors appointed by the Sacramento County Board of Supervisors. The District is dependent on the Sacramento County Board of Supervisors and its financial activities are processed through the County Auditor-Controller's Office. The District serves approximately 60,500 residents in an area of 9.1 square miles. The District maintains fifteen parks, operates the Mission Oaks Community Center, and is authorized to and actually performs park and recreation services. The District merged with Windemere Recreation and Park District on October 12, 1993.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to the U.S. generally accepted accounting principles as applicable to governmental units. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides 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. All such component units have been "blended" with the District's other fund types and account groups. All of the blended component units have June 30 year-ends.

Based upon the aforementioned oversight criteria, the following is a component unit:

- The Mission Oaks Landscape and Lighting District was formed by a majority vote of property owners as required by proposition 218. The property assessments began during the 1999-2000 fiscal year to provide additional funds needed for operational costs and capital improvements. The activities are included in the financial statements as a special revenue fund.

The District is a component unit of the County of Sacramento and its financial activities are included in the County's financial statements as a special revenue fund.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

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

Fund Financial Statements

Fund financial statements of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund types discussed below.

The fund financial statements provide information about the District's funds, including blended component units. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- ***General Fund*** - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.
- ***Landscape and Lighting Assessment District*** - was established to account for a District-Wide assessment that can be used for certain operational expenditures and capital additions of the District.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

D. Noncurrent Governmental Assets/Liabilities

GASB Statement 34 eliminated the presentation of account groups, but provided for these records to be maintained and incorporated the information into the Governmental Activities column in the government-wide statement of net position.

E. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund types discussed below.

Governmental Fund Types

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's governmental funds:

- General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.
- Special Revenue Funds - These funds account for the activity of the landscape and lighting assessment districts and developer fees that are legally restricted to expenditures for specific purposes.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

F. 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 those estimates.

G. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements. These amounts are restricted, as their use is limited by external requirements.

H. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed capital assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements, and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

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

<u>Asset Type</u>	<u>Useful Life</u>
Buildings	30 years
Buildings and improvements	15 years
Site improvements	10 to 20 years
Equipment and machinery	5 to 20 years

I. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. In accordance with GASB 16, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees, such as Medicare taxes. A current liability has been recorded in the governmental fund type to account for these vested leave accruals, which are expected to be used within the next fiscal year. At June 30, 2019, a long-term liability for unpaid vacation and sick leave has been recorded in the government-wide statement of net position representing the District's commitment to fund such costs from future operations.

J. Fund Balances

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

K. Fund Balances - Cont'd

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

L. Property Taxes

The District receives property taxes from the County of Sacramento, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

M. 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.

N. Budgets and Budgetary Accounting

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

Budgets for the general and special revenue funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the debt service fund are used for management and control purposes only.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Advisory Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Advisory Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Advisory Board of Directors.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

O. Pension Plan

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

F. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total 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 Law Library Retiree Benefits Plan and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, OPEB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2019, the District had pension and OPEB related deferred outflows of resources items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2019, the District had pension and OPEB related deferred inflows of resources items that qualify for reporting in this category.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2019, were consisted of the following:

	Carrying Value
Cash and investments with the County	\$ 2,596,791
Imprest Cash	2,000
Total cash and investments	\$ 2,598,791

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS - CONT'D

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

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

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

B. Disclosures Relating to Interest Rate Risk

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

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in months)</u>				
		<u>12 months or less</u>	<u>13-24 months</u>	<u>25-36 months</u>	<u>23-36 months</u>	<u>37-48 months</u>
Sacramento County*	\$ 2,596,791	\$ 2,596,791	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 2,596,791</u>	<u>\$ 2,596,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits. Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Sacramento County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2019, were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfer</u>	<u>Transfer/ Deletions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 3,380,584	\$ -	\$ -	\$ (684,044)	\$ 2,696,540
Construction in progress	<u>3,736,071</u>	<u>846,427</u>	<u>(3,757,175)</u>	<u>(75,761)</u>	<u>749,562</u>
Total capital assets, not being depreciated	<u>7,116,655</u>	<u>846,427</u>	<u>(3,757,175)</u>	<u>(759,805)</u>	<u>3,446,102</u>
Capital assets, being depreciated					
Site improvements	6,709,054	3,757,175	-	(770,252)	9,695,977
Buildings and improvements	6,728,547	-	-	606,053	7,334,600
Equipment	<u>512,972</u>	<u>-</u>	<u>(59,053)</u>	<u>(33,360)</u>	<u>420,559</u>
Total capital assets, being depreciated	<u>13,950,573</u>	<u>3,757,175</u>	<u>(59,053)</u>	<u>(197,559)</u>	<u>17,451,136</u>
Less: accumulated depreciation	<u>(7,445,251)</u>	<u>(593,261)</u>	<u>59,053</u>	<u>206,180</u>	<u>(7,773,279)</u>
Capital assets, being depreciated, net	<u>6,505,322</u>	<u>3,163,914</u>	<u>-</u>	<u>8,621</u>	<u>9,677,857</u>
Governmental activities capital assets, net	<u>\$ 13,621,977</u>	<u>\$ 4,010,341</u>	<u>\$ (3,757,175)</u>	<u>\$ (751,184)</u>	<u>\$ 13,123,959</u>

Depreciation expense for the year ended June 30, 2019 was \$593,261.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Net pension liability	\$ 3,224,108	\$ -	\$ 331,448	\$ 2,892,660
Total OPEB liability	102,435	4,225	-	106,660
Compensated absences	<u>136,840</u>	<u>423,734</u>	<u>-</u>	<u>560,572</u>
Totals	<u>\$ 3,463,383</u>	<u>\$ 427,959</u>	<u>\$ 331,448</u>	<u>\$ 3,559,892</u>

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry California Association of Park Recreation Insurance (CAPRI), a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to CAPRI for its general insurance coverage and worker's compensation coverage. Membership in the California Association of Recreation and Park Districts is required when applying for either CAPRI.

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums and will reinsure through commercial companies for claims up to \$10,000,000 for general and automobile liability and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible occurrence payable by the District. Financial statements for CAPRI are available at the District's office.

NOTE 7 - TRUST ACCOUNTS

Park Dedication Trust Fund

The County maintains two trust accounts for the benefit of Mission Oaks Recreation & Park District. The corpus of the trusts consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District including a separate trust established within the merged Windemere Recreation and Park boundaries. The use of the developer in lieu funds is restricted under the Quimby Act for the purpose of providing park and recreation facilities to serve the population. These funds are accounted for in a special revenue fund for financial statement presentation.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN

A. General Information about the Pension Plans

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

Benefits Provided - SCERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. Active plan members in the District's defined pension plan are required to contribute 4.76% of their bi-weekly salary. Mission Oaks does not contribute to Social Security. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The District contribution rate for the fiscal year ended June 30, 2019 was 6.25%. The actuarial methods and assumptions used are those adopted by the SCERS' Board of Administration. Under the actuarial funding method used by the System, investments are valued at fair value and all unrealized gains and losses are recognized over the next five years, therefore, contribution rates reflect the impact of market fluctuations on investments during the five-year period after they occur.

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

Hire Date	Prior To January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for Life	Monthly for Life
Retirement payments	50-55	52-67
Monthly benefits as a % of eligible	1.5% to 2%	1.0% to 2%
Required contribution rates	5.18%	6.25%
Required employer contribution rates	28.15%	6.25%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the total employer contributions made were \$315,000. The District presently makes contributions in behalf of its employees.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D

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

At June 30, 2019, the District reported a net pension liability of \$2,892,660 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the years ended June 30, 2019, the District recognized a pension expense of \$745,596. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 639	\$ 63,916
Changes in assumptions	712,895	-
Net differences between projected and actual earnings	615,142	811,668
Changes in proportion	<u>423,178</u>	<u>56,879</u>
Totals	<u>\$ 1,751,854</u>	<u>\$ 932,463</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 511,197
2021	364,147
2022	36,235
2023	<u>(92,188)</u>
Total	<u>\$ 819,391</u>

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return - 7.0%, net of investment expense (7.0% for the 2018 fiscal year)
- Inflation Rate - 3.00%
- Salary increases - Varying by service, including inflation - 4.50% to 10.50% plus across the board salary increases of .25% per year, plus merit and promotional increases.
- Post-Retirement Mortality - Derived from RP-2000 combined healthy mortality table projected with Scale BB to 2022.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions - Cont'd

Target Asset Allocation - The long-term expected rate of return on pension plan investments was determined in 2017 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the June 30, 2018 and 2017 actuarial valuations. This information will change every three years in the actuarial experience study.

The target allocation and best estimates of arithmetic real rates of return (net of expected inflation) for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	17.00%	5.61%
U.S. Small Cap Equity	4.00%	6.37%
International Developed Equity	16.00%	6.96%
Emerging Markets Equity	4.00%	9.28%
High Yield Bonds	1.00%	3.65%
Bank Loans	1.00%	2.96%
Growth Oriented Abs. Return	3.00%	4.97%
Private Equity	9.00%	8.70%
Private Credit/Private Debt	4.00%	5.10%
Core/Core Plus Bonds	10.00%	1.06%
Global Bonds	3.00%	0.07%
U.S. Treasury	5.00%	0.16%
Diversifying Abs. Return	7.00%	3.04%
Private Real Estate	7.00%	4.37%
Private Assets	7.00%	7.74%
Commodities	2.00%	3.76%
Total	100.00%	

Discount Rate - The discount rate used to measure the Total Pension Liability (TPL) was 7.00% for both June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2018 and June 30, 2017.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN - CONT'D

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions - Cont'd

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

	1% Decrease	Discount Rate	1% Increase
2019 fiscal year proportionate share - 7% rate	\$ 5,207,818	\$ 2,892,660	\$ 1,001,538

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

Effective April 16, 2007, the District began a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is established as an alternative plan to social security and requires all District seasonal employees, who are not participants in SCERS, to defer a portion of their salary until future years. Plan provisions are established or amended by District board resolution. The District contributes 0% and the seasonal employees contribute 7.5% of their salary. Participants vest at service inception and are entitled to 100% of vested contributions.

NOTE 10 - POST-RETIREMENT HEALTHCARE BENEFITS

Regular Full-time and Regular part-time annuitants of the District are eligible to participate in the Retiree Health and Dental Insurance Program. Whether health plan offerings continue is vested within the sole discretion of the Sacramento County Board of Supervisors. Whether or not subsidization continues, and if so, the level of the subsidy, or whether or not the District continues participation in the County Retiree Medical and Dental Insurance Program is vested within the sole discretion of the District through agreement with the County of Sacramento. The District does not fund the retiree healthcare benefits, but rather utilizes the "pay as you go" method.

NOTE 11 - EMPLOYEE BENEFIT PLANS

A. Deferred Compensation Pension Plan

The plan is a single-employer plan with the assets held in trust by VALIC. All full-time salaried and/or part-time employees are eligible but not required to participate in the plan. The plan is defined in the Internal Revenue Code Section 457. The plan is funded by employee contributions. There are no employer matching contributions.

Participant's accounts are credited with the employee contributions. Investment earnings and losses as well as administrative expenses are also charged to participant accounts. Allocations are based on participant's earnings and losses of chosen investments or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant's account.

In case of partial or complete termination of the plan the rights to the plan benefits become fully vested regardless of any other provisions of the plan and trusts. The trust accounts would continue until all accounts have been distributed in accordance with the provisions of the plan.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - EMPLOYEE BENEFIT PLANS - CONT'D

A. Deferred Compensation Pension Plan - Cont'd

Upon participant termination from services due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account or installments over a period selected by the participant. For termination of service due to other reasons, a participant may receive the vested interest in his or her account as a lump-sum distribution. The portion of the account that is not vested upon termination will be used to offset future employer contributions.

B. Other Post-Employment benefits (OPEB)

At June 30, 2019, total OPEB liability and related deferred outflows/inflows of resources are as follows:

Deferred outflows of resources	\$	3,411
Total OPEB Liability	\$	106,660
Deferred inflows of resources	\$	4,828

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2018
Actuarial Valuation Date	June 30, 2017
Contribution Policy	No pre-funding
Discount Rate	3.87% at June 30, 2018 (Bond Buyer 20-Bond Index)
General Inflation	2.75% annually.
Mortality, Retirement, Disability, Termination	SCERS 2013-2016 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Salary Increases	Aggregate - 3% annually
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 50% if covered, 0% if waived 0% if assumed terminated before retirement
Participation at Retirement	0% for inactive vested

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - EMPLOYEE BENEFIT PLANS - CONT'D

B. Other Post-Employment benefits (OPEB) - Cont'd

Change in the Total OPEB Liability

Balance at June 30, 2018	\$	102,435
Changes Recognized for year:		
Service Cost		11,027
Interest on Total OPEB Liability/ Return on FNP		3,895
Assumption Changes		(1,381)
Benefit Payments		<u>(9,316)</u>
Net changes		<u>4,225</u>
Balance at June 30, 2019	\$	<u>106,660</u>

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

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 one percentage point lower or one percentage point higher are as follows:

Plan's Total OPEB Liability			
Discount Rate - 1%	Current Discount Rate (3.87%)	Discount Rate +1%	
\$ 111,423	\$ 106,660	\$ 101,917	

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 one percentage point lower or one percentage point higher than current healthcare cost trend rates are as follows:

Plan's Total OPEB Liability			
Trend Rate - 1%	Current Trend Rate	Trend Rate +1%	
\$ 97,518	\$ 106,660	\$ 117,043	

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$13,874. At June 30, 2019, the District reported deferred inflows of resources of \$4,828 and deferred outflows of resources of \$3,411 from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date*	\$ 3,411	\$ -
Changes in assumptions	<u>-</u>	<u>4,828</u>
Total	<u>\$ 3,411</u>	<u>\$ 4,828</u>

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - EMPLOYEE BENEFIT PLANS - CONT'D

B. Other Post-Employment benefits (OPEB) - Cont'd

The balances as of June 30, 2019 of the deferred outflows/ (inflows) of resources will be recognized in OPEB expense for the year ending June 30, as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ (1,048)
2021	(1,048)
2022	(1,048)
2023	(1,048)
2024	(551)
Thereafter	(85)
	\$ (4,828)

NOTE 12 - NET POSITION/FUND BALANCES

Net Position- The government-wide activities fund financial statements utilize a net position presentation. Net position are categorized as net investment of capital asset, restricted and unrestricted.

- Net Investment of Capital Asset - 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 presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law though constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the District, not restricted for any project or other purpose.

Fund Balances

In the fund financial statements, reserves segregate portions of fund balance that are either not available or have been earmarked for specific purposes.

As of June 30, 2019, reservations of fund balance are as described below:

The term “reserved” is used to indicate that a portion of the reported fund balance is legally restricted to a specific purpose or not available for appropriation or expenditure. The District has reserved fund balances as follows:

- Reserved for trust funds- unavailable for appropriation because the District must use these funds for future capital improvements in lieu of developers directly making improvements.

MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - CONTINGENT LIABILITIES

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

NOTE 14 - PARK IMPACT FEES

The Mission Oaks Recreation & Park District Park Development Impact Fee Program was established to finance construction of park and recreational facilities including community use facilities, District and County park impact fee administration costs, and other related facility costs resulting from population growth caused by new development in the Mission Oaks Recreation & Park District's Park Development Impact Fee Program area. These funds are held by the County of Sacramento.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$108,088 has been reflected in the District's net position to record the net OPEB asset/liability, deferred outflows/inflows, and adjusted OPEB expense in accordance to GASB 75.

During the year ended June 30, 2019, the District reconciled the capital assets inventory listing. A prior period adjustment was made in the amount of \$751,184 to the financial statements. Capital assets and accumulated depreciation were adjusted to \$957,364 and \$206,180, respectively, to restate the net position correctly.

The net effect of the prior period adjustment was to decrease beginning net position by \$847,966.

Prior period adjustments for the year ended June 30, 2019 was as follows:

	Governmental activities
Beginning net position, as previously reported at June 30, 2018	\$ 13,942,978
Total OPEB liability	(102,435)
Deferred outflows of resources - OPEB	9,316
Deferred inflows of resources - OPEB	(3,663)
Nondepreciable capital assets	(759,805)
Depreciable capital assets	(197,559)
Accumulated Depreciation	206,180
Total prior period adjustments	(847,966)
Net position restated, July 01, 2018	\$ 13,095,012

NOTE 16 - SUBSEQUENT EVENTS REVIEW

The management of Mission Oaks Recreation & Park District has reviewed subsequent events through June 13, 2022, the date that the financial statements were available to be released. No items that required additional disclosure or adjustment to the June 30, 2019 financial statements were noted during this review.

REQUIRED SUPPLEMENTARY INFORMATION

MISSION OAKS RECREATION & PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 2,649,400	\$ 2,649,400	\$ 2,841,679	\$ 192,279
Intergovernmental revenues	235,000	235,000	229,626	(5,374)
Charges for services	640,000	640,000	641,108	1,108
Use of money and property	67,000	67,000	89,909	22,909
Donations, insurance proceeds, and other	<u>91,500</u>	<u>91,500</u>	<u>83,735</u>	<u>(7,765)</u>
Total revenues	<u>3,682,900</u>	<u>3,682,900</u>	<u>3,886,057</u>	<u>203,157</u>
EXPENDITURES				
Salaries and benefits	2,427,490	2,427,490	2,350,648	76,842
Services and supplies	1,001,375	1,001,375	1,005,841	(4,466)
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total expenditures	<u>3,828,865</u>	<u>3,828,865</u>	<u>3,356,489</u>	<u>472,376</u>
Net change in fund balance	<u>\$ (145,965)</u>	<u>\$ (145,965)</u>	529,568	<u>\$ 675,533</u>
Fund balance - beginning of year			<u>1,660,057</u>	
Fund balance - end of year			<u>\$ 2,189,625</u>	

**MISSION OAKS RECREATION & PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE -
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 301,500	\$ 301,500	\$ 63,747	\$ (237,753)
Special assessments - assessment district	1,172,225	1,172,225	1,008,455	(163,770)
Charges for services	-	-	25,496	25,496
Use of money and property	54,000	54,000	28,669	(25,331)
Donations, insurance proceeds, and other	<u>200,000</u>	<u>200,000</u>	<u>(30,610)</u>	<u>(230,610)</u>
Total revenues	<u>1,727,725</u>	<u>1,727,725</u>	<u>1,095,757</u>	<u>(631,968)</u>
EXPENDITURES				
Services and supplies	491,500	491,500	472,655	18,845
Capital outlay	<u>1,120,000</u>	<u>1,120,000</u>	<u>774,312</u>	<u>345,688</u>
Total expenditures	<u>1,611,500</u>	<u>1,611,500</u>	<u>1,246,967</u>	<u>364,533</u>
Net change in fund balance	<u>\$ 116,225</u>	<u>\$ 116,225</u>	(151,210)	<u>\$ (267,435)</u>
Fund balance - beginning of year			<u>79,821</u>	
Fund balance - end of year			<u>\$ (71,389)</u>	

**MISSION OAKS RECREATION & PARK DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE LAST 10 YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.147%	0.154%	0.100%	0.095%	0.083%
District's proportionate share of the net pension liability	\$ 2,892,660	\$ 3,224,108	\$ 1,751,847	\$ 1,090,155	\$ 643,111
District's covered employee payroll	\$ 1,148,000	\$ 1,116,000	\$ 782,000	\$ 851,000	\$ 826,000
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	251.97%	288.89%	224.02%	128.10%	77.86%
Plan fiduciary net position as a percentage of the total pension liability	84.67%	82.52%	83.21%	89.46%	93.16%

**Note : FY 2015 was the first year of implementation; ten years of information will be presented as data become available.*

MISSION OAKS RECREATION & PARK DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 315,000	\$ 330,000	\$ 221,133	\$ 258,000	\$ 232,000
Contributions in relation to the contractually required contributions	<u>(315,000)</u>	<u>(330,000)</u>	<u>(221,133)</u>	<u>(258,000)</u>	<u>(232,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,148,000	\$ 1,116,000	\$ 782,000	\$ 851,000	\$ 826,000
Contributions as a percentage of covered-employee payroll	27.44 %	29.57 %	28.28 %	30.32 %	28.09 %

**Note : FY 2015 was the first year of implementation; ten years of information will be presented as data become available.*

MISSION OAKS RECREATION & PARK DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS*

	<u>Fiscal Year Ending</u>	
	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability:		
Service cost	\$ -	\$ 11,027
Interest	-	3,895
Differences between expected and actual experience	-	-
Changes of assumptions	-	(1,381)
Benefit payments	-	(9,316)
	<u>-</u>	<u>(9,316)</u>
Net change in total OPEB liability	-	4,225
Total OPEB Liability - beginning	<u>-</u>	<u>102,435</u>
Total OPEB Liability - ending	<u>\$ 102,435</u>	<u>\$ 106,660</u>
OPEB-eligible payroll for the measurement period	N/A	N/A
Total OPEB Liability as a % of eligible payroll	N/A	N/A

**Note : FY 2019 was the first year of implementation; ten years of information will be presented as data become available.*

**MISSION OAKS RECREATION & PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

Budgets for the general and special revenue funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the debt service fund are used for management and control purposes only.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Advisory Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Advisory Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Advisory Board of Directors.

Actual expenditures exceed from budgeted appropriations are as under:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Services and supplies	\$ 1,001,375	\$ 1,005,841	\$ (4,466)

SUPPLEMENTARY INFORMATION

MISSION OAKS RECREATION & PARK DISTRICT
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Park Development Fees	Developer In-Lieu Fees	Total Nonmajor funds
ASSETS			
Cash and investments	\$ 150,056	\$ -	\$ 150,056
Restricted cash and investments	-	64,384	64,384
Interest receivables	1,305	484	1,789
Total assets	151,361	64,868	216,229
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Deposits	107,496	63,099	170,595
Total liabilities	107,496	63,099	170,595
FUND BALANCE			
Reserved for park development	43,865	1,769	45,634
Total fund balance	43,865	1,769	45,634
Total liabilities and fund balance	\$ 151,361	\$ 64,868	\$ 216,229

MISSION OAKS RECREATION & PARK DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Park Development Fees	Developer In- Lieu Fees	Total Nonmajor funds
REVENUES			
EXPENDITURES			
Fund balance - beginning of year	<u>43,865</u>	<u>1,769</u>	<u>45,634</u>
Fund balance - end of year	<u>\$ 43,865</u>	<u>\$ 1,769</u>	<u>\$ 45,634</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Mission Oaks Recreation & Park District
Carmichael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Mission Oaks Recreation & Park District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated June 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
June 13, 2022

**MISSION OAKS RECREATION & PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
• Noncompliance material to financial statements noted?	No

**MISSION OAKS RECREATION & PARK DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

The District had no findings noted in prior years that require a status update.