CARMICHAEL RECREATION AND PARK DISTRICT

(A Component Unit of Sacramento County)

FINANCIAL REPORT

With Independent Auditor's Report Thereon

June 30, 2023

CARMICHAEL RECREATION AND PARK DISTRICT
Financial Report
June 30, 2023

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FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

INDEPENDENT AUDITOR'S REPORT

Advisory Board of Directors
Carmichael Recreation and Park District
Carmichael, California

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Carmichael Recreation and Park District, as of June 30, 2023 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 Financial 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Advisory Board of Directors
Carmichael Recreation and Park District
Carmichael, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Fechter + Company

Fechter & Company
Certified Public Accountants

Sacramento, California
April 15, 2024

This section of the Carmichael Recreation and Park District's (the District) annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

- The assets of the District exceeded liabilities at the close of the 2022-23 fiscal year by $9,333,985 (net position). Of this amount, $(1,376,641) (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, and $10,203,153 is invested in capital assets.
- As of June 30, 2023, the District's governmental funds reported combined fund balances of $11,292,399 of which $337,675 is available to meet the District's current and future needs (unassigned fund balance).
- At the end of the 2022-23 fiscal year, the unassigned fund balance for the general fund was $54,549, or approximately 1.1% of total general fund revenues and 1% of general fund expenditures.
- The District was able to release the court required holdings on funds received under a parcel tax in fiscal years 2014-15 and 2015-16. The remaining funds available total $283,126 in fiscal year 2022-23, included in revenues for fiscal year 2022-23. These remaining funds will be transferred to the general fund to be used to reimburse for capital outlay expenditures.
- During the fiscal year 2022-23, there was net program growth in revenue of $902,823 or 39% in charges for program services and building rentals over the prior year as gathering restrictions were lifted and program services began to return following the impact of the SARS-CoV-2 (COVID-19). Property taxes and assessments also grew by $156,506 or 6.5% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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

This statement 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

These statements present 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. The District has the following governmental funds:

- General Fund
- Park Maintenance and Improvement
- Park Impact Fees
- Parkland Dedication Trust
- Capital Improvement Public Fund (2022 General Obligation Bond, Series 2023)
- Debt Service Fund (2022 General Obligation Bond, Series 2023)

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.

The District presents the following governmental fund statements:

Balance Sheet

This statement includes information on the District's short-term assets and liabilities and provides information about the District's ability to finance its short-term obligations with the use of current assets.

Statement of revenues, expenditures and changes in fund balance

This statement presents information showing how fund balances changed during the most recent fiscal year. All changes in fund balances are reported on the modified accrual basis of accounting.

Reconciliation between the Fund and Government Wide Statements

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.

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.

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 the District's post-employment benefit plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position
June 30, 2023 and 2022

	2023	2022	% Change FY23 vs FY22
Cash	$ 11,772,158	$ 1,949,810	503.76%
Other assets	947,103	1,349,214	-29.80%
Capital assets, net	10,203,153	9,520,464	7.17%
Deferred outflows of resources	346,209	454,097	-23.76%
Total assets and deferred outflows	$ 23,268,623	$13,273,585	75.30%
Accounts payable and accrued expenses	$ 615,357	$ 346,954	77.36%
Total current liabilities	615,357	346,954	77.36%
Net pension liability	2,061,923	198,561	938.43%
Deferred inflows of resources	618,956	3,880,946	-84.05%
Long-term debt	10,638,401	175,439	5963.87%
Total liabilities and deferred outflows	13,934,637	4,601,900	202.80%
Net position	$ 9,333,985	$ 8,671,684	7.64%

Condensed Statement of Activities
For the Years Ending June 30, 2023 and 2022

	2023	2022	% Change FY23 vs FY22
Program revenues	$ 2,025,355	$ 1,872,394	8.17%
Program expenses	5,219,621	4,163,837	25.36%
Net program expense	(3,194,266)	(2,291,443)	39.40%
Property taxes and assessments	2,563,983	2,407,477	6.50%
Other revenues	1,385,895	478,189	189.82%
Total general revenues	3,949,878	2,885,666	36.88%
Change in net position	755,612	594,223	27.16%
Net position - beginning of year	8,671,684	8,077,461	7.36%
Prior period adjustment	(93,311)	-	-100.00%
Net position - end of year	$ 9,333,985	$ 8,671,684	7.64%

CAPITAL ASSETS

	2023	2022
Land	$ 4,621,519	$ 4,621,519
Construction-in-progress	934,745	551,847
Buildings	5,309,401	5,042,052
Structures	7,138,767	6,901,215
Equipment	980,732	1,007,321
Leasehold improvements	1,383,535	1,338,785
Total capital assets	20,368,699	19,462,739
Less accumulated depreciation:	(10,165,546)	(9,942,275)
Net capital assets	$ 10,203,153	$ 9,520,464

During the year-ended June 30, 2023, the District performed renovations and improvements at Carmichael Park totaling approximately $118,474 at the Basketball Court partnering with the Over Under Initiative Project to provide a new and improved basketball court that doubles as a soccer court, $17,536 Resurfacing four Tennis Courts, $46,345 providing Shade in the Canine Corral (off leash dog park), $19,948 installing new bleachers at both Carmichael Park and La Sierra Community

Center to support softball/baseball programs; $620,577 continuing to restore the La Sierra Community Center 800 Wing due to property loss following water leak damage, and $58,995 for Silicone roof coating on the 600E Wing.

During the year-ended June 30, 2023, the District also purchased two new vans for the Recreation Program, offering as a trade two older vans for a net cost of $28,384. The District also purchased a Top Dresser in the amount of $50,143 to improve the District's Turf Management Program.

LONG-TERM DEBT

During the year ended June 30, 2023, the District issued long-term debt as part of the voter approved 2022 General Obligation Bonds totaling over $31.9M. The first Bond issuance occurred in March 2023 (Series 2023), totaling $10,445,309. First payments towards Debt Service will occur in fiscal year 2023-24.

	2023	2022
2022 General Obligation Bonds:		
Series 2023A-1 (Tax Exempt)	$ 5,360,000	$ -
Series 2023A-2 (Taxable)	4,640,000	-
Premium, Series 2023A-1	445,309	-
2022 General Obligation Bonds	$ 10,445,309	$ -

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's primary funding sources for ongoing operations are property tax revenues, leases/building rental income, and recreation services income. In fiscal year 2022-23, the District experienced aggregate property tax growth of 6.5%, and net program growth of 39.4% over the previous year.

Over the period, the District was able to pivot from the impact of COVID-19, to offer recreation/facility rental programs once again. The District used lessons learned from the pandemic as public use of parks and programs expanded to include both passive and active ways to engage in leisure and sports activities. There have been some operational changes to meet demand, filling personnel vacancies and purchasing goods and services needed to support the increased programming. Program revenues continue to cover direct cost delivery. The District continues to partner with other local agencies, such as San Juan Unified School District and non-profits, such as Carmichael Parks Foundation, Kiwanis Club of Carmichael, and Rotary Club of Carmichael who not only provided financial resources but volunteered in delivery of services.

Here are examples of some changes and improvements made: The District persists in the implementation of a turf management program both in supplies and equipment; expanded the use of sheep to deal with weed abatement now at three parks, continue to contract for preventative maintenance and repair of HVAC systems at a cost savings in-lieu of staffing and improved air quality for the health and safety of staff, residents, and visitors; replaced three (3) HVAC systems and roof repairs at several areas of the La Sierra Community Center; purchased a new drinking fountain for Carmichael Park, repaired playground equipment, installed new benches at various parks, repaired potholes; cleaned and sanitized all the ice machines, including facilities that were reopened.

In the program area, we kept the use of QR Codes for marketing and returned with new and improved program offerings of Kids Hang-Out after-school/summer camps and numerous youth and adult sports; in-person Breakfast with the Bunny, Concerts in the Park, Founders Day now Founders Heritage Festival, Red, White, & Blue Celebration, and more.

We continue to benefit from improved communications and efficiencies, with a low cost VoIP system; phasing out of desktop computers with laptop computers to facilitate hybrid/remote workplace when needed; contracting with Zoom to host virtual meeting to support Hybrid Advisory Board Meetings allowing for in-person and online engagement; supports other meetings and training; continue to use a subscription for an online, integrated HR/Time-tracking software to streamline and improve communication with administrative services. This HRIS is now being used for employee recruitment activities.

As part of future planning, the CEQA process is underway and nearly complete for the Master Plan. The findings in the Master Plan combined with the Deferred Maintenance Assessment Study, and ADA Transition Study were used to share with the Community about the condition of District facilities to explore alternative financial resources to address infrastructure restoration, improvements, and development needs and as part of Measure G. With the passage of Measure G, these findings were used to develop the Bond CIP Program.

While COVID-19 had a tremendous impact on our fund resources and programs, it provided an opportunity to reevaluate, plan, and improve how we deliver programs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District continues to move forward with the recommendations made in the Consolidation Feasibility Study and the Staff Assessment to achieve better efficiency and cost effectiveness of programs and operations, along with the Master Plan, Deferred Maintenance Assessment Study, Financial Planning and Advisory Services recommendations to address the current and future infrastructure needs and secure the necessary funding. The successful passage of Measure G, General Obligation Bonds of $31.9M was a game changer for the District and the Community. We now have funds to address a portion of the ADA/Deferred Maintenance priorities and implementation of some of the Master Plan. The District will continue to evaluate recommendations, prioritizing, planning, and maximizing opportunities and to implement park and facility improvements and services, deemed possible.

The District's property tax base continues to remain stable and exhibit growth with increases in the assessed valuation of the properties and new in-fill development in the tax rate area, the building rental and program revenue areas continue to recover following the effects of Covid-19. The District remains committed to providing services within its financial means, adding services as the funding permits and looking for creative solutions through partnerships.

The District will continue to work in collaboration with other recreation and park districts, schools, the Carmichael Recreation and Park District Foundation, community organizations and service groups, business, and residents to address its mission to satisfy the recreational needs of the Community by providing a wide range of facilities and opportunities to enrich the quality of life.

This financial report is designed to provide the District's residents and other interested parties with an overview of the District's financial conditions and operations. More information can be found on the District's website at www. http://carmichaelpark.com. Should the reader have questions, please contact the Carmichael Recreation and Park District, District Administrator, 5750 Grant Avenue, Carmichael, California 95608, (916) 485-5322.

BASIC FINANCIAL STATEMENTS

CARMICHAEL RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets		
Current:		
Cash and investments	$	1,589,948
Receivables		801,202
Lease receivable		145,901
Restricted cash		10,182,210
Total current assets		12,719,261
Non-current:		
Capital assets:		
Nondepreciable		5,556,264
Depreciable, net of accumulated depreciation		4,646,889
Total non-current assets		10,203,153
Total Assets		22,922,414
Deferred Outflows of Resources		346,209
Liabilities		
Current:		
Accounts payable		368,176
Accrued liabilities		32,106
Tenant deposits		96,485
Accrued interest		118,590
Total current liabilities		615,357
Non-current :		
Compensated absences		193,092
2022 General Obligation Bonds		10,000,000
Bond premium payable		445,309
Net pension liability		2,061,923
Total non-current liabilities		12,700,324
Total Liabilities		13,315,681
Deferred Inflows of Resources		
Leases		143,959
Pension		474,997
Net Position		
Invested in capital assets, net of related debt		10,203,153
Restricted		952,782
Unrestricted		(1,821,950)
Total Net Position	$	9,333,985

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

CARMICHAEL RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2023

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:					
Recreation	$ 5,101,031	$ 1,975,692	$ 49,663	$ -	$ (3,075,676)
Interest on long-term debt	118,590	-	-	-	(118,590)
Total Governmental Activities	$ 5,219,621	$ 1,975,692	$ 49,663	$ -	(3,194,266)
		General Revenues:			
		Property taxes			2,563,983
		Use of money and property			58,404
		Impact and in-lieu fees			373,713
		Intergovernmental			19,914
		Other revenues			933,864
		Total General Revenues			3,949,878
		Change in Net Position			755,612
		Net Position at Beginning of Fiscal Year			8,671,684
		Prior Period Adjustment			(93,311)
		Restated Net Position			8,578,373
		Net Position at End of Fiscal Year			$ 9,333,985

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

FUND FINANCIAL STATEMENTS

CARMICHAEL RECREATION AND PARK DISTRICT
BALANCE SHEETS
JUNE 30, 2023

	General Fund	Park Maintenance and Improvement Assessment	Park Impact Fees	Parkland Dedication Trust	Capital Improvement Public Fund	Debt Service Fund	Total Government Funds
Assets							
Cash and investments	$ 321,431	$ 277,707	$ 208,527	$ 782,283	$ -	$ -	$ 1,589,948
Receivables	779,525	5,419	5,668	10,590	-	-	801,202
Lease receivable	145,901	-	-	-	-	-	145,901
Due from (to) other funds	236,496	-	(16,668)	(219,828)	-	-	-
Restricted cash	-	-	-	-	9,794,420	387,790	10,182,210
Total Assets	$ 1,483,352	$ 283,126	$ 197,527	$ 573,045	$ 9,794,420	$ 387,790	$ 12,719,260
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 368,176	$ -	$ -	$ -	$ -	$ -	$ 368,176
Accrued liabilities	32,106	-	-	-	-	-	32,106
Tenant deposits	96,485	-	-	-	-	-	96,485
Total Liabilities	496,767	-	-	-	-	-	496,767
Deferred Inflows							
Receivables	786,135	-	-	-	-	-	786,135
Leases	143,959	-	-	-	-	-	143,959
Total Deferred Inflows	930,094	-	-	-	-	-	930,094
Fund Balances							
Nonspendable - leases	1,942	-	-	-	-	-	1,942
Restricted	-	-	197,527	573,045	9,794,420	387,790	10,952,782
Assigned	-	-	-	-	-	-	-
Unassigned	54,549	283,126	-	-	-	-	337,675
Total Fund Balances	56,491	283,126	197,527	573,045	9,794,420	387,790	11,292,399
Total Liabilities, Deferred inflows and Fund Balances	$ 1,483,352	$ 283,126	$ 197,527	$ 573,045	$ 9,794,420	$ 387,790	$ 12,719,260

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

CARMICHAEL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION
JUNE 30, 2023

Total fund balances of the District's governmental funds differ from net position of governmental activities primarily because of the long-term focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet. The differences are described below:

Fund Balances of Governmental Funds	$ 11,292,399
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	
Capital assets	20,368,699
Less:accumulated depreciation	(10,165,546)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(193,092)
Net pension liability	(2,061,923)
2022 General Obligation Bonds	(10,000,000)
Bond premium payable	(445,309)
Accrued interest	(118,590)
Long-term receivables are not available to pay current period expenditures and are reported as deferred inflows for unavailable revenue in governmental funds.	786,135
Net differences between projected and actual earnings on pension plan investments and other pension adjustments are reported as deferred inflows of resources on the Statement of Net Position.	(128,788)
Net Position of Governmental Activities	$ 9,333,985

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

CARMICHAEL RECREATION AND PARK DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED
JUNE 30, 2023

	General Fund	Park Maintenance and Improvement Assessment	Park Impact Fund	Parkland Dedication Trust	Capital Improvement Fund	Debt Service Fund	Total Government Funds
Revenues							
Property taxes	$ 2,563,983	$ -	$ -	$ -	$ -	$ -	$ 2,563,983
Intergovernmental	19,914	-	-	-	-	-	19,914
Impact and in-lieu fees	-	-	48,592	325,121	-	-	373,713
Charge for services and building	1,975,692	-	-	-	-	-	1,975,692
Grants and contributions	49,663	-	-	-	-	-	49,663
Investment earnings	26,950	8,216	8,274	14,964	-	-	58,404
Other revenue	170,924	-	-	-	-	-	170,924
Total Revenue	4,807,126	8,216	56,866	340,085	-	-	5,212,293
Expenditures							
Salaries and benefits	2,668,155	-	-	-	-	-	2,668,155
Services and supplies	2,032,885	92,278	-	-	-	-	2,125,163
Capital outlay	816,080	19,500	16,668	219,828	-	-	1,072,076
Total Expenditures	5,517,120	111,778	16,668	219,828	-	-	5,865,394
Excess (Deficit) of Revenues Over Expenditures	(709,994)	(103,562)	40,198	120,257	-	-	(653,101)
Other Financing Sources (Uses)							
Operating transfers in	-	79,818	-	-	-	387,790	467,608
Operating transfers (out)	(28,201)	-	(4,951)	(46,666)	(387,790)	-	(467,608)
Proceeds from bond issuance	-	-	-	-	10,182,210	-	10,182,210
Total Other Financing Sources (Uses)	(28,201)	79,818	(4,951)	(46,666)	9,794,420	387,790	10,182,210
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(738,195)	(23,744)	35,247	73,591	9,794,420	387,790	9,529,109
Fund Balances							
Beginning of year	887,997	306,870	162,280	499,454	-	-	1,856,601
Prior period adjustment	(93,311)	-	-	-	-	-	(93,311)
End of year	$ 56,491	$ 283,126	$ 197,527	$ 573,045	$ 9,794,420	$ 387,790	$ 11,292,399

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

CARMICHAEL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

The net change in fund balances of governmental funds differs from the change in net position of governmental activities primarily because of the long-term focus of the Statement of Net Position versus the current financial resources focus of the governmental funds Balance Sheet. The differences are described below:

Net Change in Fund Balances - Total Governmental Funds	$ 9,529,109
Some revenues are reported as deferred inflows in governmental funds because they do not represent current financial resources that are recognized in the Statement of Activities. Amount represents the change in deferred inflows recognized.	762,940
Issuance of long-term debt is recorded as a current other source of income but is not recognized in the Statement of Activities	(10,563,899)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The change in capital assets consists of:	
Cost of assets capitalized	1,072,076
Depreciation expense	(389,387)
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 deferred outflows and inflows of resources related to pension plan	2,225,788
Change in compensated absences	(17,653)
Change in net pension liability	(1,863,362)
Change in Net Position of Governmental Activities	$ 755,612

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

NOTE 1 - DEFINING THE FINANCIAL REPORTING ENTITY

The Carmichael Recreation and Park District (the District) was organized in 1945 under the laws of the State of California, in accordance with the Public Resources Code section 5780. The District operates under the control of an Advisory Board of Directors appointed by the Sacramento County Board of Supervisors. The District is a component unit of Sacramento County, and, as such, is included within the County's financial reporting entity as a special revenue fund.

The District provides recreation and park community services to its citizens through its thirteen park sites on 180 acres, a botanical garden, a 17-acre nature area, and a large community center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Basis of Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The District adopted the provisions of this statement along with GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* (an amendment to GASB Statements No. 21 and No. 34), as of July 1, 2003. In June 2001, GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*, to reevaluate certain existing disclosure requirements in the context of reporting model Statement No. 34. The District adopted the provisions of Statement No. 38 as of July 1, 2003. The Financial Statement presentation, as required by the GASB, provides a comprehensive, entity-wide perspective of the District's assets and liabilities, and replaces the fund-group perspective previously required. The District follows the primary government's "governmental activities" reporting requirements of the GASB that provides a comprehensive one-line look at the District's financial activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) the use of property for both short-term and long-term use.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are organized as follows:

Governmental Funds

General Fund – This is the primary general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The District maintains the following Special Revenue funds:

Park Maintenance and Improvement Assessment Fund – This Fund was established by vote of the taxpayers in 2014. The purpose of this fund is to comply with the reporting and accounting requirements of the special assessment. This assessment was found to be illegal and has since been rescinded.

Park Impact Fund –Real estate developers, property owners, and similar entities are required to pay a fee to the District for the additional financial impact placed upon the District from the additional usage of District park and recreational facilities as a result of their real estate projects. This revenue source, restricted by enabling legislation, is to be expended in accordance with the provision of the enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Accounting - continued

Parkland Dedication Trust – The trust consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District. The use of the funds is restricted under the Quimby Act for the purpose of providing park and recreational facilities to serve the population. These funds are accounted for in a special revenue fund for financial statement presentation.

Capital Improvement Public Fund – This Fund was established by vote of the taxpayers in November 2022. The purpose of this fund is to comply with the reporting and accounting requirements of the use of funds received from the issuance of general obligation bonds.

Debt Service Fund – This Fund was established by vote of the taxpayers in November 2022. The purpose of this fund is to comply with the reporting and accounting requirements for repayment of the general obligation bonds.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees, and gas taxes), interest, special assessments levied, state and federal grants, and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred. Fiduciary Fund revenue and expenses or expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting and Measurement Focus - continued

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their Balance Sheet. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statement is accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Position.

Cash and Investments – Deposits in financial institutions, money market funds, and the County Treasurer's investment pool are reported as cash and investments since funds can be spent at any time without prior notice or penalty. Investments are stated at fair value.

Receivables and Payables – Property, sales, and use taxes related to the current fiscal year are accrued as revenue and accounts receivable, and considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The District considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements, or shared revenue are recorded as receivables and revenue in the general, special revenue, and capital projects funds when they are received or susceptible to accrual.

Due To/Due From Other Funds – Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable Governmental Funds to indicate they are not available for appropriation and are not expendable available financial resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Allowance for Doubtful Accounts – Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property Taxes – Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of Sacramento County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies – are limited to 1% of full assessed value, which results in a tax rate of $1.00 per $100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections – are the responsibility of the Sacramento County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Taxes - continued

Tax Levy Apportionments – due to the nature of the District-Wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County Auditor-Controller based primarily on the ratio that each agency represented of the total District-Wide levy for the three fiscal years prior to fiscal year 1979.

Property Tax Administration Fees – the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

Capital Assets – Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available, and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. The District generally follows Sacramento County's policy to capitalize all capital assets with costs exceeding a minimum threshold of $25,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to fifty years.

Compensated Absences – Compensated absences represent the vested portion of accumulated vacation/other time. The District's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security, and Medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole.

Use of Estimates – Financial statement preparation, in conformity with accounting principles generally accepted in the United States of America, requires the use of 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Long-Term Obligations – In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs, and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Proceeds received from the issuance of debt is reported as other financing sources.

Net Position and Fund Balances – Net position designations are classified on the government-wide Statement of Net Position as follows:

Invested in capital assets, net of related debt – represents the District's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
Restricted net position – includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
Unrestricted net position – represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the District, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

Fund balance designations are classified on the governmental funds Balance Sheet as follows:

- Nonspendable – amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact, or (b) not in spendable form.
- Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – amounts that can be used only for the specific purposes determined by a formal action of the Board, to establish, modify, or rescind a fund balance commitment.
- Assigned – amounts that are constrained by the government's intent to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Board or its appointed official.
- Unassigned – the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position and Fund Balances - continued

Major Funds – The District's Major Funds are as follows:

General Fund – this fund is used to account for the general operations of the District, and is used to account for all financial resources except those required to be accounted for in another fund.

- Parkland Dedication Trust
- Park Impact Fee
- Special Assessment
- Capital Improvement Public
- Debt Services

Stewardship, Compliance, and Accountability

Budgetary Information – The District follows these procedures annually in establishing the budgetary data reflected in the financial statements:

The District Advisory Board approves and recommends a recommended budget annually each spring, which the County Board of Supervisors adopts in June concurrent with the adoption of the County's recommended budget.

The County conducts public hearings on the proposed budget to obtain comments from interested persons.

At a special meeting in August, adjustments to the recommended budget are tentatively approved through the District Advisory Board of Directors. The adjustments to the recommended budget are submitted to the County.

In September, public hearings are held by the County of Sacramento to receive taxpayer comments prior to final budget adoption. The budget becomes legally authorized when it is subsequently approved by the Sacramento County Board of Supervisors by resolution during final budget hearings.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various District departments. The County Board of Supervisors may amend the budget by resolution during the fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Economic Dependency – In the 2023 fiscal year, the District received 50% of its revenues from property taxes. Any reduction in assessed property values or reductions in the District's property tax share due to the State's ongoing budget crisis could have serious consequences to the District's operating budget.

Revenue Limitations Imposed By California Proposition 218 – Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these local taxes, assessments, or fees are subject to the voter initiative process and may be rescinded in future years by the voters.

Transfers

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.

NOTE 3 - CASH AND INVESTMENTS

The District follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents, or trustees under the provisions of bond indentures. Cash and investments at the year ended June 30, 2023 are classified in the accompanying financial statements as follows:

Deposits with financial institutions:	
Imprest cash	$ 500
County investment pool	11,771,658
	$11,772,158

Investment in County Investment Pool – The District is an involuntary participant in the Sacramento County Department of Finance investment pool. Investments are stated at fair value. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by section 27134 of the California Government Code.

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.

NOTE 3 - CASH AND INVESTMENTS - continued

Concentration of Credit Risk – The District does not have its own investment policy but follows the allowable investments guidelines under section 53635 of the California Government Code. Substantially all of the District's cash and investments at June 30, 2023 were invested with the County pool.

Disclosures Relating to 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 Sacramento County investment pool does not have a rating provided by a nationally recognized statistical rating organization.

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "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 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023 and 2022, the District had $0 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE 4 - CAPITAL ASSETS

The following is a summary of the District's capital assets, as reported in the Government-Wide Financial Statements, for the year ended June 30, 2023:

	June 30, 2022	Additions	Deletions	Transfers	June 30, 2023
Non-depreciable Assets:					
Land	$ 4,621,519	$ -	$ -	$ -	$ 4,621,519
Construction-in-progress	551,847	932,549	-	(549,651)	934,745
Total non-depreciable	5,173,366	932,549	-	(549,651)	5,556,264
Depreciable Assets:					
Buildings	5,042,052	-	-	267,349	5,309,401
Structures	6,901,215	-	-	237,552	7,138,767
Equipment	906,183	139,527	(64,978)	-	980,732
Leasehold improvements	1,338,785	-	-	44,750	1,383,535
Total depreciable assets	14,188,235	139,527	(64,978)	549,651	14,812,435
Accumulated depreciation:	(9,841,137)	(389,387)	64,978	-	(10,165,546)
Net depreciable assets	4,347,098	(249,860)	-	549,651	4,646,889
Total assets, net	$ 9,520,464	$ 682,689	$ -	$ -	$ 10,203,153

Depreciation expense was recorded in recreation activities in the amount of $389,387 in the 2023 fiscal year.

NOTE 5 - LONG-TERM OBLIGATIONS

The District's long-term debt and obligations activity, as reported in the Government-Wide financial statements for the fiscal year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Net Additions	Net Reductions	Balance June 30, 2023	Short-term portion
Compensated absences	$ 175,439	$ 17,653	$ -	$ 193,092	$ -
Net pension liability	198,561	1,863,362	-	2,061,923	-
2022 General Obligation Bonds:					
Series 2023A-1 (Tax Exempt)	-	5,360,000	-	5,360,000	-
Series 2023A-2 (Taxable)	-	4,640,000	-	4,640,000	-
Premium, Series 2023A-1	-	445,309	-	445,309	-
Total 2022 General Obligation Bonds	-	10,445,309	-	10,445,309	-
Total long-term obligations	$ 374,000	$12,326,324	$ -	$ 12,700,324	$ -

NOTE 5 - LONG-TERM OBLIGATIONS - continued

Compensated Absences

The District employees accumulate earned but unused vacation benefits, which can be converted to cash at termination of employment. No expenditure is reported for these amounts in the governmental fund statements. However, in the Statement of Activities, vested compensated absences are recorded and expensed in accordance with collective bargaining agreements and the balance outstanding at year-end was reported in the Statement of Net Position.

Defined Benefit Pension Plan

The District participates in a defined benefit pension plan as described in Note 6.

General Obligation Bonds

In November 2022, the District held an election that received more than a two-thirds vote from qualified voters to authorize the District's issuance of general obligation bonds in the principal amount of $31,900,000 to upgrade, construct, renovate, and expand park facilities. In March 2023, the District purchased the initial Series, Series 2023 of 2022 General Obligation Bonds for the purposes of capital project improvements for an aggregate principal amount of $10,000,000. The total proceeds of $10,182,210, which includes the bond premium and issuance costs, were required to be deposited into a separately established account held within the County Treasury, and are restricted only for capital improvements projects within District boundaries, and cannot be used for salaries or other administrative functions.

Because a portion of the projects will be financed with proceeds of the bonds that will be leased by non-governmental entities, a portion of the bonds must be issued on a federally taxable basis and the remaining portion can be issued on a federally tax-exempt basis. The tax-exempt Series 2023A-1 was issued with a principal of $5,360,000 and a coupon rate of 5.000%, while the taxable Series 2023A-2 was issued with a principal of $4,640,000 that carries a coupon rate ranging from 4.950% to 5.800%. Series 2023A-1 matures in August 2052 and Series 2023A-2 matures in August 2043. Bond debt service payments commenced August 2023 and the first principal payments will commence in fiscal year ending 2025.

The Series 2023A-1 bonds maturing on August 1, 2052 are subject to redemption prior to maturity, at the option of the District, in whole or in part by lot within a maturity, from any available source of funds on or after August 1, 2033. Additionally, those bonds maturing August 1, 2052 are also subject to redemption prior to their stated maturity in part by lot from mandatory sinking account payments made annually on and after August 1, 2044, to and including August 1, 2052 at the principal amount together with accrued interest.

NOTE 5 - LONG-TERM OBLIGATIONS - continued

General Obligation Bonds - continued

The Series 2023A-2 bonds maturing on or before August 1, 2033 are not subject to redemption prior to maturity. However, the bonds maturing on or after August 1, 2034 are subject to redemption prior to maturity, at the option of the District, in whole or in part by lot within a maturity, from any available source of funds. Additionally, those bonds maturing August 1, 2043 are also subject to redemption prior to their stated maturity in part by lot from mandatory sinking account payments made annually on and after August 1, 2036, to and including August 1, 2043 at the principal amount together with accrued interest.

As of June 30, 2023, the mandatory sinking fund account payments for these bonds are as follows:

Payment Date August 1,	Series 2023A-1	Series 2023A-2
2036	$ -	$ 210,000
2037	-	235,000
2038	-	260,000
2039	-	285,000
2040	-	315,000
2041	-	350,000
2042	-	385,000
2043	-	420,000
2044	395,000	-
2045	435,000	-
2046	485,000	-
2047	530,000	-
2048	585,000	-
2049	640,000	-
2050	700,000	-
2051	760,000	-
2052	830,000	-
Total	$ 5,360,000	$ 2,460,000

The net purchase prices of the Series 2023A-1 and Series 2023A-2 bonds were $5,661,471 and $4,520,739, respectively. This includes $10,000,000 principle, a premium of $445,309 related to the Series 2023A-1 Bond, and issuance costs of $263,099. In accordance with accounting policies adopted by the County of Sacramento, premiums on bonds payable are amortized on a straight-line basis, resulting in $15,095 of annual bond interest expense recognized over the 59 interest payments beginning in the fiscal year ending June 30, 2024.

NOTE 5 - LONG-TERM OBLIGATIONS - continued

As of June 30, 2023, the schedule of debt service payments are as follows:

2022 General Obligation Bonds, Series 2023A-1

Fiscal Year	Principal	Interest	Total Payments
2024	$ -	$ 225,567	$ 225,567
2025	-	268,000	268,000
2026	-	268,000	268,000
2027	-	268,000	268,000
2028	-	268,000	268,000
2029-2033	-	1,340,000	1,340,000
2034-2038	-	1,340,000	1,340,000
2039-2043	-	1,340,000	1,340,000
2044-2048	1,845,000	1,166,875	3,011,875
2049-2053	3,515,000	469,875	3,984,875
Total	$ 5,360,000	$ 6,954,317	$ 12,314,317

2022 General Obligation Bonds, Series 2023A-2

Fiscal Year	Principal	Interest	Total Payments
2024	$ -	$ 212,639	$ 212,639
2025	690,000	235,563	925,563
2026	145,000	214,933	359,933
2027	160,000	207,461	367,461
2028	185,000	199,008	384,008
2029-2033	500,000	917,067	1,417,067
2034-2038	945,000	730,308	1,675,308
2039-2043	1,595,000	371,345	1,966,345
2044	420,000	12,180	432,180
Total	$ 4,640,000	$ 3,100,503	$ 7,740,503

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description – The Carmichael Recreation and Park District contributes to the Sacramento County Employees Retirement System (SCERS), a multiple-employer, cost sharing public employee pension plan. SCERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of the SCERS annual financial report may be obtained from their Administrative Office, 980 – 9th Street, Suite 1800, Sacramento, California 95814 and is available on the County System's web site: http://www.scers.org.

Funding Policy – Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. The System's funding policy provides for periodic contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. The District is obligated by state law to make all required contributions to the plan, ranging from 11.84% to 66.07% of covered payroll for fiscal year 2021-22. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 16 years remaining as of June 30, 2023. Employer contribution rates are determined using the entry age normal funding method based on a level percentage of payroll. The System also uses this actuarial method to amortize the unfunded liability, if applicable. The contributions made to SCERS in fiscal year 2023 was $486,928.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - At June 30, 2023, the District reported net pension liabilities of $2,061,923 in the Statement of Net Position for its proportionate share of the net pension liability for each fiscal year. The net pension liabilities were measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 proportionate share of the net pension liability for all Miscellaneous Plans with actuarial valuation dates of June 30, 2023 and 2022 (measurement dates June 30, 2022 and 2021) were as follows:

Proportion of measurement date - June 30, 2021	0.0224%
Proportion of measurement date - June 30, 2022	0.2200%
Change - increase (decrease)	0.1976%

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

For the fiscal year ended June 30, 2023, the District recognized pension (income)/expense of $124,503, in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions, and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 173,886	$ -
Changes in assumptions	155,438	270,772
Changes in employer's proportion		
Difference between employer's contributions and employer's proportionate share of contributions	3,504	204,225
Net differences between projected and actual earnings on plan investments	13,381	-
Total	$ 346,209	$ 474,997

Pension amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023 will be recognized in pension expense as follows:

Year Ending June 30,	
2024	$ (115,394)
2025	(135,206)
2026	(283,917)
2027	405,729
	$ (128,788)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

Actuarial Methods and Assumptions – The District's annual pension cost for the year ended June 30, 2023 and required and actual contributions were determined as part of the June 30, 2022 actuarial valuations using the entry age normal actuarial cost method. The major actuarial assumptions were as follows:

- Discount/investment rate of return – 6.75%, net of investment expenses
- Inflation Rate – 2.75%
- Projected salary increases – 4.25 to 10.5%

The long-term expected rate of return on pension plan investments (6.75%) 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. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	24.0%	20.4%
International equity	16.0%	6.5%
Bonds	14.0%	4.5%
Fixed income	11.0%	8.7%
Private equity/credit	13.0%	15.0%
Real assets	7.0%	8.1%
Real estate	7.0%	12.7%
US treasury	5.0%	0.3%
Liquid	3.0%	4.5%

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents what the District's proportionate share of the net pension liability would be at June 30, 2023 if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
District's proportionate share of the net pension plan liability:			
2023 fiscal year	$ 4,243,419	$ 2,061,923	$ 276,140

Detailed information about the pension fund's fiduciary net position is available in the separately issued SCERS comprehensive annual financial report, which may be obtained by contacting SCERS.

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – The plan is a single-employer plan and it does not issue a publicly available report. Sacramento County provides medical insurance and dental insurance, and subsidy/offset payments as authorized by the Board of Supervisors on an annual basis. The Board of Supervisors must approve the benefit annually or it is terminated. All annuitants are eligible to enroll in a retiree medical and/or dental insurance plan in a given calendar year if (1) they began receiving a continuing retirement allowance from SCERS during that calendar year, or (2) they were enrolled in the annual plan previously approved by the County, or (3) they previously waived coverage but elected to enroll during the County authorized enrollment period with a coverage date effective January of the given calendar year (continuous coverage). The Public Employment Relations Board (PERB) ruled on complaints filed by several Recognized Employee Organizations (REOs) challenging the County's elimination of the subsidy for County retirees approved by the Board of Supervisors June 5, 2007, and effective January 1, 2008. On June 30, 2009, the PERB decision ordered the County to (1) cease and desist from implementing the subsidy elimination; (2) rescind the changes in eligibility; and (3) make whole the affected parties. On March 11, 2010, the 3rd District Court of Appeals declined the County's request to review the PERB decision. Annuitants who retired on or before May 31, 2007, as well as those Recognized Employee Organizations (REOs) who filed suit are eligible for the monthly medical premium subsidy. If the annuitant met the eligibility criteria to receive a subsidy absent a retirement date of June 1, 2007, or later, the retiree will only receive a subsidy if retired from one of the REOs who filed the complaint with PERB. Annuitants who retired after May 31, 2007, and were not in an REO that filed suit are not eligible for this subsidy.

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)-continued

The amount of any medical subsidy/offset payments made available to eligible annuitants shall be calculated based upon the annuitant's Sacramento County Employees Retirement System (SCERS) service credit. For calendar year 2013, the Sacramento County Board of Supervisors approved a monthly subsidy of $40 to each subsidy-eligible retiree receiving a benefit from the Sacramento County Retirement System of less than $2,000 (dollars not expressed in thousands). Neither SCERS nor the County guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of County-sponsored medical and/or dental insurance. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership. The amount of the subsidy/offset payment, if any, payable on account of enrollment in a County sponsored retiree medical and/or dental insurance plan shall be established within the sole discretion of the Board of Supervisors. The District follows the County's policy on the subsidy amount.

NOTE 8 - 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 is a member of the California Association for Park and Recreation Indemnity (CAPRI), an established public entity risk pool that operates as a common risk management and insurance program for government members. This policy covers the District's general liability, property, and equipment located in Carmichael, California. The District pays an annual premium to the pool for its worker's compensation, excess worker's compensation, property, and general coverages.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The District occasionally receives funding from a number of federal, state and local grant programs. These programs are subject to financial and compliance review by grantors. Accordingly, the District's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The District does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state, and local grant revenue is not assured in the future.

NOTE 10 - SUBSEQUENT EVENTS

The management of the District has reviewed the results of operations for the period from its years ending June 30, 2023 through April 15, 2024, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CARMICHAEL RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Property taxes	$ 2,396,049	$ 2,473,750	$ 2,563,983	$ 90,233
Intergovernmental	182,989	541,591	19,914	(521,677)
Charge for services	724,750	724,750	581,939	(142,811)
Use of money & property	1,421,376	1,456,327	1,420,703	(35,624)
Other revenue	770,500	962,598	220,587	(742,011)
Total Revenue	5,495,664	6,159,016	4,807,126	(1,351,890)
Expenditures				
Salaries and benefits	2,947,513	3,188,932	2,668,155	520,777
Services and supplies	2,113,169	2,238,379	2,032,885	205,494
Capital outlay	1,125,570	1,468,800	816,080	652,720
Appropriation for contingencies	500,000	500,000	-	500,000
Total Expenditures	6,686,252	7,396,111	5,517,120	1,878,991
Excess (Deficit) of Revenues Over Expenditures	(1,190,588)	(1,237,095)	(709,994)	527,101
Other Financing Sources (Uses)	33,000	61,705	(28,201)	(89,906)
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (1,157,588)	$ (1,175,390)	$ (738,195)	$ 437,195

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

CARMICHAEL RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PARK MAINTENANCE AND IMPROVEMENT ASSESSMENT
BUDGET AND ACTUAL
FOR THE YEAR ENDED
June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Investment earnings	$ 2,500	$ 2,500	$ 8,216	$ 5,716
Total Revenue	2,500	2,500	8,216	5,716
Expenditures				
Services and supplies	128,627	70,394	92,278	(21,884)
Capital outlay	105,000	175,000	19,500	155,500
Appropriation for contingencies	7,950	2,415	-	2,415
Total Expenditures	241,577	247,809	111,778	136,031
Excess (Deficit) of Revenues Over Expenditures	(239,077)	(245,309)	(103,562)	141,747
Other Financing Sources (Uses)	-	(31,705)	79,818	111,523
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (239,077)	$ (277,014)	$ (23,744)	$ 253,270

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

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- At a regular meeting, several months prior to the close of each fiscal year, the District Administrator submits to the District Advisory Board of Directors a proposed recommended budget for the fiscal year commencing the following July 1. The recommended budget includes proposed revenue and expenditures.

- The recommended budget is submitted to the County. In June, public hearings are conducted at a regular meeting held by the County Board of Supervisors to receive taxpayer comments prior to adoption of the District recommended budget as part of the County Budget process.

- At a special meeting in August, the adjustments to the recommended budget are tentatively approved through the District Advisory Board of Directors. The adjustments to the recommended budget are submitted to the County.

- In September, public hearings are held by the County of Sacramento to receive taxpayer comments prior to final budget adoption. The budget becomes legally authorized when it is subsequently approved by the Sacramento County Board of Supervisors by resolution during final budget hearings.

- The District Administrator is authorized to transfer budget amounts within and between services and supplies, other charges (principal and interest on long-term debt), and capital expenditure accounts in the general fund as deemed desirable and necessary in order to meet the District's needs; however, revisions that affect salaries and employee benefits, contingency, and/or reserve accounts or which alter the total expenditures must be approved by the Sacramento County Board of Supervisors.

- Budgets are adopted on a basis consistent with generally accepted governmental accounting principles. Budgeted amounts presented are as originally adopted and as further amended.

CARMICHAEL PARK AND RECREATION DISTRICT
Required Supplementary Information – Pensions
June 30, 2023

Schedule of the District's proportionate share of the Net Pension Liability
Last 10 Fiscal Years*:

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
District's proportion of the net pension liability	0.102%	0.119%	0.140%	0.128%	0.139%
District's proportionate share of the net pension liability	787,256	1,373,257	2,457,342	2,686,756	2,718,183
District's covered employee payroll	1,040,000	1,096,000	1,138,000	1,039,000	1,143,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.70%	125.30%	215.94% #	258.59% #	237.81%
Plan fiduciary net position as a percentage of the total pension liability	93.16%	89.46%	83.21%	82.52%	84.67%

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
District's proportion of the net pension liability	0.135%	0.140%	0.047%	0.118%
District's proportionate share of the net pension liability	2,806,617	3,789,899	198,561	2,061,923
District's covered employee payroll	1,239,000	1,249,000	1,156,000	1,156,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.10%	80.55% #	98.92% #	89.09%
Plan fiduciary net position as a percentage of the total pension liability	82.57%	78.62%	96.76%	96.76%

Schedule of District Contributions
Last 10 Fiscal Years*:

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Actuarially determined contribution	$ 241,000	$ 325,000	$ 310,000	$ 275,000	$ 296,000
Total actual contributions	(241,000)	(325,000)	(310,000)	(275,000)	(296,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,040,000	$ 1,096,000	$ 1,138,000	$ 1,039,000	$ 1,143,000
Contributions as a percentage of covered employee payroll	23.17%	29.65%	27.24%	26.47%	25.90%

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Actuarially determined contribution	$ 360,000	$ 396,000	$ 390,000	$ 430,000
Total actual contributions	(360,000)	(396,000)	(390,000)	(430,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,239,000	$ 1,249,000	$ 1,156,000	$ 1,222,000
Contributions as a percentage of covered employee payroll	29.06%	31.71%	33.74%	35.19%