

**ARDEN PARK  
RECREATION AND PARK DISTRICT  
FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**ARDEN PARK  
RECREATION AND PARK DISTRICT**

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# LARRY BAIN, CPA

An Accounting Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Arden Park Recreation and Park District  
Sacramento, California

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and fund information of Arden Park Recreation and Park 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 financial position of Arden Park Recreation and Park District as of June 30, 2023, and the changes in financial position of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arden Park Recreation and Park District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arden Park Recreation and Park District's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 and the budgetary comparison schedules on pages 21 and 22 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.

*Larry Bain, CPA*

**Larry Bain, CPA**  
**An Accounting Corporation**

January 23, 2024

**Arden Park Recreation and Park District  
Required Supplementary Information  
Management's Discussion and Analysis  
June 30, 2023**

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

**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023**

- The assets of the District exceeded liabilities at the close of the 2022-23 fiscal year by \$2,598,265 (net position). Of this amount, \$1,265,623 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, and \$1,331,943 is net investment in capital assets.
- As of June 30, 2023 the district's governmental funds reported combined fund balances of \$1,283,584 of which \$1,184,870 is available to meet the District's current and future needs (unassigned fund balance).
- The District had no long-term debt as of June 30, 2023.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components, government – wide financial statements, fund financial statements and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

**REQUIRED FINANCIAL STATEMENTS**

**Government – Wide Financial Statements** are designed to provide readers with a broad overview of District finances, in a manner similar to a private-sector business

The *Statement of Net Position* include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are recreational and park activities. There are no business type activities.

**Arden Recreation and Park District  
Required Supplementary Information  
Management’s Discussion and Analysis (Continued)  
June 30, 2023**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. All of the funds of the District can be divided into one category: governmental funds.

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements,

**Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District’s budgetary comparative information for the general fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Condensed Statement of Net Position  
Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Current and other assets	\$ 1,398,421	\$ 1,196,226
Capital assets (net)	1,331,943	1,456,913
Total assets	\$ 2,730,364	\$ 2,653,139
Liabilities		
Current/non current	\$ 132,099	\$ 134,169
Net Position		
Net investment in capital assets	\$ 1,331,943	\$ 1,456,913
Net position restricted	699	690
Unrestricted net position	1,265,623	1,061,367
Total net position	\$ 2,598,265	\$ 2,518,970

**Arden Recreation and Park District  
Required Supplementary Information  
Management’s Discussion and Analysis (Concluded)  
June 30, 2023**

Condensed Statement of Activities  
For Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Program Revenues:		
Charges for services	\$ 788,680	\$ 713,700
Operating grants and contributions		342,545
General Revenues:		
Property taxes	550,140	514,305
Investment income and other	57,056	12,210
Total revenue	1,395,876	1,582,760
Expenses		
Recreation and park activities	(1,316,581)	(1,263,630)
Changes in net position	79,295	319,130
Ending net position	\$ 2,598,265	\$ 2,518,970

**CAPITAL ASSETS**

As of June 30, 2023 the District’s net investment in capital assets totaled \$1,331,943. The investment in capital assets includes land, buildings and improvements, site improvements, and equipment. The capital assets are presented in the government – wide statement of net position. The District office copier during the 2022-23 fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In 2022-23, both the District’s tax revenue and program revenue increased from the previous year. The 2023-2024 budget year is anticipated to be very strong as we complete the climb out of the COVID doldrums.

The Board of Directors is committed to making improvements to the parks in a manner that will ensure a financial reserve to get the District through uncertain times.

**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 the Arden Park Recreation and Park District Administrator at 1000 La Sierra Drive, Sacramento, California 95864.

**ARDEN PARK RECREATION AND PARK DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 1,372,934
Receivables	24,788
Restricted cash and investments	699
Total current assets	<u>1,398,421</u>
Non-current assets	
Capital assets:	
Land	39,300
Site improvements	1,970,730
Buildings and improvements	979,973
Equipment	332,165
Less: accumulated depreciation	<u>(1,990,225)</u>
Total non-current assets	<u>1,331,943</u>
Total assets	<u>2,730,364</u>
Liabilities	
Current liabilities:	
Claims payable	68,672
Accrued payroll	46,165
Noncurrent liabilities:	
Due in more than one year	17,262
Total liabilities	<u>132,099</u>
Net Position	
Net investment in capital assets	1,331,943
Restricted for trust funds	699
Unrestricted	1,265,623
Total net position	<u>\$ 2,598,265</u>

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



**ARDEN PARK RECREATION AND PARK DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Recreation services	\$ 1,316,581	\$ 788,680	\$ -	\$ (527,901)
Total Governmental Activities	<u>\$ 1,316,581</u>	<u>\$ 788,680</u>	<u>\$ -</u>	<u>(527,901)</u>

General Revenues:

    Taxes:

Property tax, levied for general purposes	550,140
Insurance proceeds	20,000
Investment income	<u>37,056</u>
Total general revenues	<u>607,196</u>
Change in net position	79,295
Net position' - beginning	<u>2,518,970</u>
Net position - ending	<u>\$ 2,598,265</u>

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

**ARDEN PARK RECREATION AND PARK DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

	General Fund	Special Revenue Fund Landscape and Lighting Assessment District	Totals Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 1,277,200	\$ 95,734	\$ 1,372,934
Receivables	22,395	2,393	24,788
Restricted cash and investments	699		699
<b>Total assets</b>	<b>\$ 1,300,294</b>	<b>\$ 98,127</b>	<b>\$ 1,398,421</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Claims payable	\$ 68,560	\$ 112	\$ 68,672
Accrued payroll	46,165		46,165
<b>Total liabilities</b>	<b>114,725</b>	<b>112</b>	<b>114,837</b>
<b>Fund Balances</b>			
Fund balances			
Restricted developer deposits	699		699
Assigned		98,015	98,015
Unassigned	1,184,870		1,184,870
<b>Total fund balances</b>	<b>1,185,569</b>	<b>98,015</b>	<b>1,283,584</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,300,294</b>	<b>\$ 98,127</b>	<b>\$ 1,398,421</b>

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

**ARDEN PARK RECREATION AND PARK DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Fund balances of governmental funds	\$ 1,283,584
Amounts reported for governmental activities in the statement of net position are different because:	
Net investment in capital assets, are not current financial resources and are not included in the governmental funds.	1,331,943
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(17,262)</u>
Net position of governmental activities	<u><u>\$ 2,598,265</u></u>

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

**ARDEN PARK RECREATION AND PARK DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund Landscape and Lighting Assessment District	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 546,265	\$ -	\$ 546,265
Intergovernmental revenues	3,875		3,875
Charges for current services	555,529		555,529
Special assessments		172,261	172,261
Use of money and property	92,549	3,647	96,196
Other revenues	21,750		21,750
<b>Total revenues</b>	<b>1,219,968</b>	<b>175,908</b>	<b>1,395,876</b>
<b>Expenditures</b>			
Current:			
Recreation services	1,021,208	169,472	1,190,680
Capital outlay	5,144		5,144
<b>Total expenditures</b>	<b>1,026,352</b>	<b>169,472</b>	<b>1,195,824</b>
<b>Net change in fund balances</b>	<b>193,616</b>	<b>6,436</b>	<b>200,052</b>
Fund balance, beginning of fiscal year	991,953	91,579	1,083,532
Fund balance, end of fiscal year	\$ 1,185,569	\$ 98,015	\$ 1,283,584

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

**ARDEN PARK RECREATION AND PARK DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds	\$ 200,052
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balances because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	5,144
Depreciation expense	(130,114)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	<u>4,213</u>
Change in net position of governmental activities	<u><u>\$ 79,295</u></u>

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

## ARDEN PARK RECREATION AND PARK DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

#### Note 1: Summary of Significant Accounting Policies

The District was organized in 1949 by a resolution passed by the Board of Supervisors of Sacramento County. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Sacramento County Board of Supervisors, its financial activities are processed through the County Auditor-Controller's Office.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

#### 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. The following blended component unit has a June 30 year-end.

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

The Arden Park Lighting and Landscape Assessment District is included in the special revenue fund of the District.

#### B. Basis of Accounting

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

## ARDEN PARK RECREATION AND PARK DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

#### C. Non-Current Governmental Assets/Liabilities

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

#### D. Basis of Presentation

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 - This fund account for the activity of the landscape and lighting district that is legally restricted to expenditures for specific purposes.

#### E. 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.

#### F. Restricted Resources

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, and then unrestricted resources as needed.

**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

G. 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 is recorded in the governmental fund type to account for these vested leave accruals, which are expected to be used within the next fiscal year. The non-current (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide financial statement presentation.

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 fixed 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 \$2,500.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 bases over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Improvements other than buildings	35 years
Equipment and machinery	5 to 20 years

I. Property Tax

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 on delinquent taxes. 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.



**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

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

Note 2: Cash and Investments

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

Checking account	\$ 64,000
Imprest cash	500
Cash and investment in the County Treasurer	<u>1,309,133</u>
Total cash and investments	<u>\$ 1,373,633</u>

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

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

**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

Note 2: Cash and Investments (Continued)

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

Investment Type	Totals	Remaining Maturity (in Months)	
		12 Months or Less	13-48 Months
Sacramento County*	\$ 1,309,133	\$ 1,309,133	\$ -
Totals	\$ 1,309,133	\$ 1,309,133	\$ -

\*Not subject to categorization

C. Concentrations of Credit Risk

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

D. Custodial Credit Risk

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

At June 30, 2023, the District’s deposits balance was \$58,692 and the carrying amount was \$64,500. The difference between the bank balance and the carrying amount was due to normal outstanding checks and/or deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and none was covered by collateral held in the pledging bank’s trust department in the District’s name.

**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Note 2: Cash and Investments (Continued)

E. Investment in Government Pool

The District maintains certain cash and investments with the Sacramento County Treasurer in an investment pool. The District's funds are managed in accordance with the investment policy of the County Treasury. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and investment risk can be found in the County's financial statements. The Sacramento County's financial statements may be obtained online at the following link: [finance.saccounty.net/AuditorController/Pages/](https://finance.saccounty.net/AuditorController/Pages/).

Required disclosures for the District's investment in the Sacramento County Investment Pool at June 30, 2023 are as follows:

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

Note 3: Property, Plant and Equipment

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

	Balance July 1, 2022	Additions	Retirement/ Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 39,300	\$ -	\$ -	\$ 39,300
Capital assets, being depreciated:				
Site improvements	1,970,730			1,970,730
Structures and improvements	979,973			979,973
Equipment	327,021	5,144		332,165
Total capital assets, being depreciated	3,277,724	5,144	-	3,282,868
Less accumulated depreciation	(1,860,111)	(130,114)		(1,990,225)
Total capital assets, being depreciated, net	1,417,613	(124,970)	-	1,292,643
Governmental activities, capital assets, net	\$ 1,456,913	\$ (124,970)	\$ -	\$ 1,331,943

Note 4: Long-Term Obligations

The following is the long term obligation of Arden Recreation and Park District at June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Compensated absences	\$ 21,478	\$ 37,905	\$ (42,121)	\$ 17,262
Totals	\$ 21,478	\$ 37,905	\$ (42,121)	\$ 17,262

## ARDEN PARK RECREATION AND PARK DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

#### Note 5: Risk Management

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

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies for excess claims 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 for fiscal year ending June 30, 2023.

#### Note 6: Defined Contribution Pension Plan

The District contributes to a deferred compensation plan. The plan is a single-employer plan with the assets held in trust by VOYA Financial. All full time salaried employees are eligible but not required to participate in the plan. The plan is defined in the Internal Revenue Code Section 457. At June 30, 2023 there were six active members in the plan and one inactive member in the plan.

The District funds the plan by contributing 3% of covered employees' compensation. In addition the District makes a matching contribution of up to 5% of covered employees' compensation for the fiscal year ended June 30, 2023, as adopted by the Board of Directors.

Participant's accounts are credited with the District's contributions and 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. The employee becomes vested in the employer contribution after five years from date of hire. The employer contribution stays with the pool if the employee leaves before vesting.

In case of partial or complete termination of the plan or discontinuance of employer contribution to 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.

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 instalments 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 should be used to offset future employer contributions.

**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Note 7: 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 in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category 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 the District, not restricted for any project or other purpose.

**Fund Balances – Governmental Funds**

The District adopted a policy for GASB Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District’s various governmental funds were revised, the implementation of this standard had no effect on total fund balance. Detailed information on governmental fund-type, fund balances are as follows:

	General Fund	Special Revenue Fund
	<u>          </u>	<u>          </u>
Restricted for:		
Developer Deposits	\$ 699	\$ -
Total restricted	<u>699</u>	
Assigned to:		
Park maintenance and development		91,407
Assigned to next years budget		<u>6,608</u>
Total assigned	<u>-</u>	<u>98,015</u>
Unassigned	<u>1,184,870</u>	
Total fund balance	<u>\$ 1,185,569</u>	<u>\$ 98,015</u>

Note 8: Gann Limit

Total subject revenue 2022-23	\$ 759,434
Amount of limit for 2022-23	<u>1,534,636</u>
Amount (under)/over limit (all sources)	<u>\$ (775,202)</u>

**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

Note 9: 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 and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 10: Commitments and Contingencies

**Grants**

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

**ARDEN PARK RECREATION AND PARK DISTRICT**

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 500,000	\$ 500,000	\$ 546,265	\$ 46,265
Intergovernmental revenues	3,500	3,500	3,875	375
Charges for current services	489,100	489,100	555,529	66,429
Use of money and property	37,000	37,000	92,549	55,549
Other revenues	3,000	3,000	21,750	18,750
<b>Total revenues</b>	<b>1,032,600</b>	<b>1,032,600</b>	<b>1,219,968</b>	<b>187,368</b>
<b>Expenditures</b>				
Salaries and benefits	594,223	594,223	566,230	27,993
Services and supplies	442,150	442,150	454,978	(12,828)
Capital outlay	36,000	36,000	5,144	30,856
<b>Total expenditures</b>	<b>1,072,373</b>	<b>1,072,373</b>	<b>1,026,352</b>	<b>46,021</b>
<b>Net change in fund balance</b>	<b>\$ (39,773)</b>	<b>\$ (39,773)</b>	<b>193,616</b>	<b>\$ 233,389</b>
Fund balance, beginning of fiscal year			991,953	
Fund balance, end of fiscal year			<u>\$ 1,185,569</u>	

**ARDEN PARK RECREATION AND PARK DISTRICT**

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Special assessments	\$ 170,000	\$ 170,000	\$ 172,261	\$ 2,261
Use of money and property	500	500	3,647	3,147
<b>Total revenues</b>	<b>170,500</b>	<b>170,500</b>	<b>175,908</b>	<b>5,408</b>
<b>Expenditures</b>				
Salary and benefits	159,724	159,724	159,724	-
Services and supplies	10,776	10,776	9,748	1,028
<b>Total expenditures</b>	<b>170,500</b>	<b>170,500</b>	<b>169,472</b>	<b>1,028</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,436</b>	<b>\$ 6,436</b>
Fund balance, beginning of fiscal year			91,579	
Fund balance, end of fiscal year			\$ 98,015	



**ARDEN PARK RECREATION AND PARK DISTRICT**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

Note 1: Budgets and Budgetary Accounting

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

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

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