AUBURN AREA RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
March 31, 2024
(With Comparative Amounts as of March 31, 2023)

NIGRO & NIGRO PC

AUBURN AREA RECREATION AND PARK DISTRICT
For the Fiscal Year Ended March 31, 2024
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Financial Section

NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Auburn Area Recreation and Park District as of and for the fiscal year ended March 31, 2024, 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 the governmental activities and each major fund of the District as of March 31, 2024, and the respective changes in its financial position for the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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 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 and *Government 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 and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and the notes to the required supplementary information 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended March 31, 2023, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated July 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Walnut Creek, California
July 16, 2024

Management's Discussion and Analysis (MD&A) offers readers of Auburn Area Recreation and Park District's financial statements a narrative overview of the District's financial activities for the fiscal year ended March 31, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 1.29%, or $130,562 from the prior year's net position of $10,094,809 to $10,225,371 as a result of this year's operations.
- Total revenues from all sources increased by 11.51%, or $690,643 from $6,002,236 to $6,692,879, from the prior year, primarily due to an increase in property tax revenue of $224,596.
- Total expenses for the District's operations increased by 4.49% or $282,003 from $6,280,314 to $6,562,317 from the prior year, primarily due to an increase in Salaries and wages and depreciation expenses of $313,275 and $169,743, respectively.

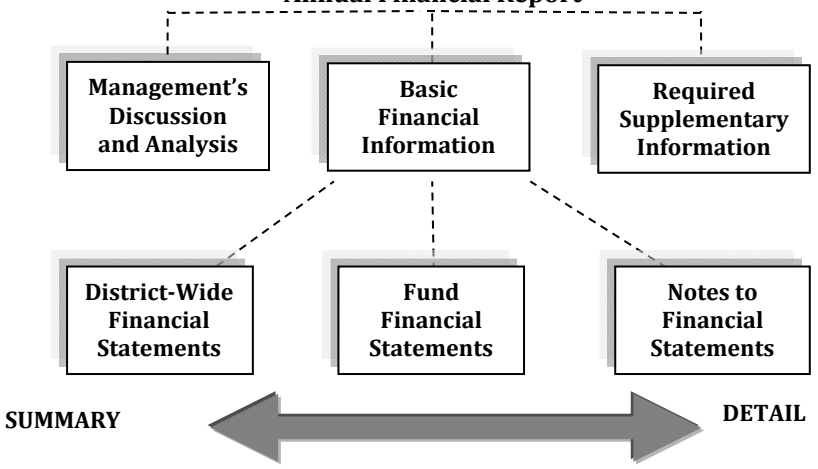
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Auburn Area Recreation and Park District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by granter requirements.

The District has three funds, the General Fund, the Atwood Park Fund, and the City Mitigation Fund.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	March 31, 2024	March 31, 2023	Change
Assets:			
Current assets	$ 3,855,267	$ 3,638,200	$ 217,067
Non-current assets	605,681	545,637	60,044
Capital assets, net	9,447,541	9,490,493	(42,952)
Total assets	13,908,489	13,674,330	234,159
Deferred outflows of resources	915,743	941,910	(26,167)
Liabilities:			
Current liabilities	656,791	612,023	44,768
Non-current liabilities	3,519,913	3,372,892	147,021
Total liabilities	4,176,704	3,984,915	191,789
Deferred inflows of resources	422,157	536,516	(114,359)
Net position:			
Net investment in capital assets	7,606,541	7,527,493	79,048
Restricted	533,565	438,228	95,337
Unrestricted	2,085,265	2,129,088	(43,823)
Total net position	$ 10,225,371	$ 10,094,809	$ 130,562

At the end of fiscal year 2024, the District shows a positive balance in its unrestricted net position of $2,085,265 that may be utilized in future years.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	March 31, 2024	March 31, 2023	Change
Program revenues	$ 1,860,130	$ 1,765,154	$ 94,976
Expenses	(6,562,317)	(6,280,314)	(282,003)
Net program expense	(4,702,187)	(4,515,160)	(187,027)
General revenues	4,832,749	4,237,082	595,667
Change in net position	130,562	(278,078)	408,640
Net position – beginning of period	10,094,809	10,372,887	(278,078)
Net position – end of period	$ 10,225,371	$ 10,094,809	$ 130,562

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased by $130,562 during the fiscal year ended March 31, 2024.

Table A-3: Total Revenues

	March 31, 2024	March 31, 2023	Increase (Decrease)
Program revenues:			
Charges for services	$ 1,502,823	$ 1,322,869	$ 179,954
Rents and concessions	209,038	178,690	30,348
Grant and contribution revenue	148,269	263,595	(115,326)
Total program revenues	1,860,130	1,765,154	94,976
General revenues:			
Property taxes	4,259,704	4,035,108	224,596
Special assessments	30,251	27,807	2,444
Mitigation fees	98,000	85,000	13,000
Lease revenue	39,440	40,095	(655)
Investment earnings	159,982	17,660	142,322
Sale of capital asset	198,830	-	198,830
Other revenue	46,542	31,412	15,130
Total general revenues	4,832,749	4,237,082	595,667
Total revenues	$ 6,692,879	$ 6,002,236	$ 690,643

Total revenues from all sources increased by 11.51%, or $690,643 from $6,002,236 to $6,692,879, from the prior year, primarily due to an increase in property tax revenue of $224,596.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	March 31, 2024	March 31, 2023	Increase (Decrease)
Expenses:			
Salaries and wages	$ 2,879,950	$ 2,543,581	$ 336,369
Employee benefits	1,009,253	1,306,395	(297,142)
Program costs	317,222	281,891	35,331
Materials and services	1,545,638	1,505,376	40,262
Depreciation expense	769,932	600,189	169,743
Interest expense	40,322	42,882	(2,560)
Total expenses	$ 6,562,317	$ 6,280,314	$ 282,003

Total expenses for the District's operations increased by 4.49% or $282,003 from $6,280,314 to $6,562,317 from the prior year, primarily due to an increase in Salaries and wages and depreciation expenses of $313,275 and $169,743, respectively.

GOVERNMENTAL FUNDS FINANCIAL ANAYLSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of March 31, 2024, the District reported a total fund balance of $3,940,184. An amount of $2,559,253 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District at year-end were $51,401 less than actual. The variance is principally due to over-budgeting for Capital Outlay. The final budgeted revenues for the District at year-end were $723,266 more than actual. The variance is principally due to under-budgeting for Property tax revenue and Charges for services.

CAPITAL ASSET ADMINISTRATION

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance March 31, 2024	Balance March 31, 2023
Capital assets:		
Non-depreciable assets	$ 2,422,616	$ 2,311,330
Depreciable assets	18,941,888	18,724,263
Accumulated depreciation	(11,916,963)	(11,545,100)
Total capital assets, net	$ 9,447,541	$ 9,490,493

At the end of fiscal year 2024, the District's investment in capital assets amounted to $9,447,541 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year included updates to the District's facilities and various vehicle and equipment purchases totaling $726,980.

See Note 5 for further information on the District's capital assets.

DEBT ADMINISTRATION

Table A-6: Long-term Debt

	Balance March 31, 2024	Balance March 31, 2023
Long-term debt:		
Direct finance purchase	$ 1,841,000	$ 1,963,000

At the end of fiscal year 2024, the District's long-term debt amounted to $1,841,000.

See Note 7 for further information on the District's long-term debt.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District Manager at (530) 885-8461, 123 Recreation Drive, Auburn, California 95603.

AUBURN AREA RECREATION AND PARK DISTRICT

Statement of Net Position
March 31, 2024
(With Comparative Information as of March 31, 2023)

ASSETS	2024	2023
Current assets:		
Cash and investments (Note 2)	$ 3,625,545	$ 3,462,382
Accounts receivable	69,674	40,595
Due from other governments	45,218	26,708
Lease receivable (Note 4)	35,293	39,045
Prepaid items	79,537	69,470
Total current assets	3,855,267	3,638,200
Non-current assets:		
Restricted – cash and investments (Notes 2 and 3)	533,565	438,228
Lease receivable (Note 4)	72,116	107,409
Capital assets – not being depreciated (Note 5)	2,422,616	2,311,330
Capital assets, net – being depreciated (Note 5)	7,024,925	7,179,163
Total non-current assets	10,053,222	10,036,130
Total assets	13,908,489	13,674,330
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (Note 9)	915,743	941,910
Total deferred outflows of resources	915,743	941,910
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	188,610	192,830
Accrued payroll and related liabilities	99,590	81,194
Accrued interest payable	17,263	10,404
Unearned revenue	130,362	114,569
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	95,966	91,026
Direct finance purchase (Note 7)	125,000	122,000
Total current liabilities	656,791	612,023
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	95,965	91,025
Direct finance purchase (Note 7)	1,716,000	1,841,000
Net other post-employment benefits liability (Note 8)	280,682	257,900
Net pension liability (Note 9)	1,427,266	1,182,967
Total noncurrent liabilities	3,519,913	3,372,892
Total liabilities	4,176,704	3,984,915
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to leases (Note 4)	102,202	142,748
Deferred amounts related to net OPEB obligation (Note 8)	168,671	177,485
Deferred amounts related to net pension liability (Note 9)	151,284	216,283
Total deferred inflows of resources	422,157	536,516
NET POSITION		
Net investment in capital assets (Note 10)	7,606,541	7,527,493
Restricted (Note 3)	533,565	438,228
Unrestricted	2,085,265	2,129,088
Total net position	$ 10,225,371	$ 10,094,809

AUBURN AREA RECREATION AND PARK DISTRICT
Statement of Activities
For the Fiscal Year Ended March 31, 2024
(With Comparative Information for the Fiscal Year Ended March 31, 2023)

	Governmental Activities	
	2024	**2023**
Expenses:		
Recreation and park services:		
Salaries and wages	$ 2,879,950	$ 2,543,581
Employee benefits	1,009,253	1,306,395
Program costs	317,222	281,891
Materials and services	1,545,638	1,505,376
Depreciation expense	769,932	600,189
Interest expense	40,322	42,882
Total expenses	6,562,317	6,280,314
Program revenues:		
Charges for services	1,502,823	1,322,869
Rents and concessions	209,038	178,690
Operating grants and contributions	148,269	263,595
Total program revenues	1,860,130	1,765,154
Net program expense	(4,702,187)	(4,515,160)
General revenues:		
Property taxes	4,259,704	4,035,108
Special assessments	30,251	27,807
Mitigation fees	98,000	85,000
Lease revenue	39,440	40,095
Investment earnings	159,982	17,660
Sale of capital asset	198,830	-
Other revenue	46,542	31,412
Total general revenues	4,832,749	4,237,082
Change in net position	130,562	(278,078)
Net position:		
Beginning of year	10,094,809	10,372,887
End of year	$ 10,225,371	$ 10,094,809

AUBURN AREA RECREATION AND PARK DISTRICT

Balance Sheet – Governmental Funds
March 31, 2024
(With Comparative Information as of March 31, 2023)

ASSETS	General Fund	Atwood Park Fund	City Mitigation Fund	March 31, 2024 Total Governmental Funds	March 31, 2023 Total Governmental Funds
Assets:					
Cash and investments	$ 3,371,138	$ -	$ 254,407	$ 3,625,545	$ 3,462,382
Restricted – cash and investments	533,565	-	-	533,565	438,228
Accounts receivable	69,674	-	-	69,674	40,595
Due from other governments	45,218	-	-	45,218	26,708
Due from other funds (Note 12)	-	16,078	-	16,078	9,942
Lease receivable	107,409	-	-	107,409	146,454
Prepaid items	79,537	-	-	79,537	69,470
Total assets	$ 4,206,541	$ 16,078	$ 254,407	$ 4,477,026	$ 4,193,779
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued expenses	$ 188,610	$ -	$ -	$ 188,610	$ 192,830
Accrued payroll and related liabilities	99,590	-	-	99,590	81,194
Unearned revenue	130,362	-	-	130,362	114,569
Due to other funds (Note 12)	16,078	-	-	16,078	9,942
Total liabilities	434,640	-	-	434,640	398,535
DEFERRED INFLOWS OF RESOUCES					
Deferred amounts related to leases	102,202	-	-	102,202	142,748
Fund balance: (Note 11)					
Nonspendable	79,537	-	-	79,537	69,470
Restricted	533,564	-	-	533,564	438,228
Committed	216,009	-	-	216,009	1,788,588
Assigned	281,336	16,078	254,407	551,821	417,098
Unassigned	2,559,253	-	-	2,559,253	939,112
Total fund balance	3,669,699	16,078	254,407	3,940,184	3,652,496
Total liabilities, deferred inflows of resources and fund balance	$ 4,206,541	$ 16,078	$ 254,407	$ 4,477,026	$ 4,193,779

AUBURN AREA RECREATION AND PARK DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
March 31, 2024

Fund Balance of Governmental Funds	$ 3,940,184
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	9,447,541
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	915,743
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(17,263)
Compensated absences	(191,931)
Direct finance purchase	(1,841,000)
Net pension liability	(1,427,266)
Net OPEB liability	(280,682)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	(319,955)
Total adjustments	6,285,187
Net Position of Governmental Activities	$ 10,225,371

AUBURN AREA RECREATION AND PARK DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended March 31, 2024
(With Comparative Information for the Fiscal Year Ended March 31, 2023)

	General Fund	Atwood Park Fund	City Mitigation Fund	March 31, 2024 Total Governmental Funds	March 31, 2023 Total Governmental Funds
Revenues:					
Property taxes	$ 4,259,704	$ -	$ -	$ 4,259,704	$ 4,035,108
Charges for services	1,502,823	-	-	1,502,823	1,322,869
Rents and concessions	209,038	-	-	209,038	178,690
Operating grants and contributions	148,269	-	-	148,269	263,595
Special assessments	-	30,251	-	30,251	27,807
Mitigation fees	-	-	98,000	98,000	85,000
Lease revenue	39,440	-	-	39,440	40,095
Investment earnings	153,595	-	6,387	159,982	17,660
Sale of capital asset	198,830	-	-	198,830	-
Other revenue	46,542	-	-	46,542	31,412
Total revenues	6,558,241	30,251	104,387	6,692,879	6,002,236
Expenditures:					
Current operations:					
Salaries and wages	2,860,591	9,479	-	2,870,070	2,331,958
Employee benefits	789,818	-	-	789,818	920,718
Program costs	317,222	-	-	317,222	281,891
Materials and services	1,531,002	14,636	-	1,545,638	1,505,376
Capital outlay	726,980	-	-	726,980	856,630
Debt service:					
Principal payments	122,000	-	-	122,000	119,000
Interest payments	33,463	-	-	33,463	43,513
Total expenditures	6,381,076	24,115	-	6,405,191	6,059,086
Excess(Deficit) of revenues over (expenditures)	177,165	6,136	104,387	287,688	(56,850)
Change in fund balance	177,165	6,136	104,387	287,688	(56,850)
Fund Balance:					
Beginning of year	3,492,534	9,942	150,020	3,652,496	3,709,346
End of year	$ 3,669,699	$ 16,078	$ 254,407	$ 3,940,184	$ 3,652,496

AUBURN AREA RECREATION AND PARK DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended March 31, 2024

Net Change in Fund Balance – Governmental Funds	$ 287,688
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	726,980
Depreciation expense	(769,932)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in accrued interest	(6,859)
Net change in compensated absences	(9,880)
Net change in OPEB liability and related deferred resources	(13,968)
Net change in net pension liability and related deferred resources	(205,467)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	122,000
Total adjustments	(157,126)
Change in Net Position of Governmental Activities	$ 130,562

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Auburn Area Recreation and Park District (District) was formed as an independent special district to provide quality leisure services, park, programs, and facilities; address the recreational needs of all ages; promote positive customer service, fiscal responsibility, and accountability; and enhance and promote personal well-being and a sense of community.

The District is the primary governmental unit based on the foundation of a separately elected five-member board, with each member serving 4-year terms. The Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified the following organizations that are required to be reported as component units.

The Friends of the Auburn Area Recreation and Park, Inc. (the foundation) was created as a non-profit entity under section 50l(c)(3) to receive donations. obtain grants. and conduct fundraising events to generate revenues that will enhance the District's recreation programs. The Foundation is reported as a blended component unit of the District because the District's governing body is also the governing body of the Foundation. The Foundation's funds are reported as restricted assets on the District's financial statements as a component of the general fund as of the year ended December 31, 2023, since the Foundation has a different fiscal year end than the District.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is used to account for all the financial resources of the District, except those required to be accounted for in another fund when necessary.

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

Atwood Park Special Revenue Fund: This fund is used to account for resources received and expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance, and servicing of public facilities within Atwood Park.

City Mitigation Special Revenue Fund: This fund is used to account for resources received and expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance, and servicing of public facilities within the City of Auburn.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

3. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

4. Investments (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

5. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $3,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and improvements	20 years
Furniture and equipment	3-10 years
Vehicles	8 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

7. Unearned Revenue

Unearned revenue represents fees received prior to services or events taking place.

8. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date June 30, 2022
Measurement Date June 30, 2023
Measurement Period July 1, 2022 to June 30, 2023

10. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefit Plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date March 31, 2022
Measurement Date March 31, 2024
Measurement Period April 1, 2023 to March 31, 2024

11. Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Transactions between funds that represent lending/borrowing arrangements outstanding at the end of a fiscal year are referred to as due to/from other funds.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position

Net position is classified into two components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted net position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

13. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund Balances (continued)

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

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 during the reported period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Placer County Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Placer County Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of March 31 were classified on the statement of net position as follows:

Description	Balance
Cash and investments	$ 3,625,545
Restricted cash and investments	533,565
Total cash and investments	$ 4,159,110

Cash and investments as of March 31 consisted of the following:

Description	Balance
Cash on hand	$ 1,000
Demand deposits with financial institutions	258,106
Deposits with Placer County Treasury Investment Pool (PCTIP)	3,366,439
Investments held by pension trust	533,565
Total cash and investments	$ 4,159,110

Demand Deposits with Financial Institutions
At March 31, 2024, the carrying amount of the District's demand deposits were $258,106, and the financial institution's balance was $378,224. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 2 – CASH AND INVESTMENTS (continued)

Placer County Treasury Investment Pool (PCTIP)
The District is a voluntary participant in the Placer County Treasury Investment Pool (PCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Placer County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. As of March 31, 2024, the District's cash balance in PCTIP was $3,366,439.

Investments
The District's investments as of March 31, 2024 were as follows:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity 25 to 120 Months
CEPPT – Money market mutual funds	Level 2	AAA	$ 533,565	$ 533,565
Total investments			$ 533,565	$ 533,565

Authorized Investments and Investment Policy
The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610 as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

NOTE 2 – CASH AND INVESTMENTS (continued)

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

Asset Class	Strategy 1 Target Allocation	Strategy 2 Target Allocation	Target Range	Benchmark
Global Equity	37%	21%	+/- 5%	MSCI All Country World Index IMI (net)
Fixed Income	44%	61%	+/- 5%	Bloomberg Barclays U.S. Aggregate Bond Index
Treasury Inflation-Protected Securities (TIPS)	5%	9%	+/- 3%	Bloomberg Barclays U.S. TIPS Index, Series L
Real Estate Invetment Trusts (REITs)	14%	9%	+/- 5%	FTSE EPRA/NAREIT Developed Index (net)
Cash	0%	0%	+/- 2%	91 Day Treasury Bill
	100%	100%		

Credit Risk
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. As of March 31, 2024, the District's cash balance in the PCTIP was rated by Standard & Poor's as AAAf/S1.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Concentration of Credit Risk
The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in the PCTIP.

NOTE 3 – RESTRICTED ASSETS

Restricted – cash and investments as of March 31st consisted of the following:

Description	March 31, 2024
Investments held by pension trust	$ 533,565
Total restricted – net position	$ 533,565

The District's restricted assets are funds deposited into a Section 115 plan trust.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended March 31, 2024, was as follows:

Description	Balance April 1, 2023	Additions	Deletions	Balance March 31, 2024
Cellular antenna site rental	$ 137,268	$ -	$ (31,738)	$ 105,530
Building space lease	9,186	-	(7,307)	1,879
	$ 146,454	$ -	$ (39,045)	$ 107,409

The District is reporting a total lease receivable of $107,409 and a total related deferred inflows of resources of $102,202 for the year ending March 31, 2024. Also, the District is reporting total lease revenue of $39,045 and interest revenue of $2,575 related to lease payments received for the years ending March 31, 2024.

The leases held by the District do not have implicit rates of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

Cellular Antenna Site Rental
The District, on April 1, 2022, renewed a continuous lease with Verizon Wireless for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of $167,393. As of March 31, 2024, the value of the lease receivable was $105,530. The lease is required to make monthly fixed payments of $2,706 for the first 12-month period, then increase 3.0% on July 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $100,436 as of March 31, 2024. The District recognized lease revenue of $31,738 and interest revenue of $2,457 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Building Space Lease
The District, on April 1, 2022, renewed a continuous lease with a Preschool for 27 months as lessor for the use of building/office space. An initial lease receivable was recorded in the amount of $15,901. As of March 31, 2024, the value of the lease receivable was $1,879. The lease is required to make monthly fixed payments of $554 for the first 12-month period, then increase 6.5% on July 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $1,767 as of March 31, 2024. The District recognized lease revenue of $7,307 and interest revenue of $118 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next four fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 35,293	$ 1,814	$ 37,107
2026	35,154	1,123	36,277
2027	36,962	404	37,366
Total	107,409	$ 3,341	$ 110,750
Current	(35,293)		
Long-term	$ 72,116		

Changes in the District's deferred inflows of resources related to leases for March 31, 2024, is as follows:

Description	April 1, 2023	Additions	Deletions	March 31, 2024
Cellular antenna site rental	$ 133,914	$ -	$ (33,479)	$ 100,435
Building space lease	8,834	-	(7,067)	1,767
	$ 142,748	$ -	$ (40,546)	$ 102,202

The amounts reported as deferred inflows of resources related to leases for the year ended March 31, 2024, will be amortized in future periods as follows:

Fiscal Year Ended March 31	of Resources
2025	$ 35,244
2026	33,479
2027	33,479
Total	$ 102,202

NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance April 1, 2023	Additions/ Transfers	Deletions/ Transfers	Balance March 31, 2024
Non-depreciable capital assets:				
Land	$ 1,970,546	$ -	$ -	$ 1,970,546
Construction-in-process	340,784	435,006	(323,720)	452,070
Total non-depreciable capital assets	2,311,330	435,006	(323,720)	2,422,616
Depreciable capital assets:				
Buildings and improvements	14,241,747	323,628	(323,128)	14,242,247
Furniture and equipment	4,171,946	190,879	(74,941)	4,287,884
Vehicles	310,570	101,187	-	411,757
Total depreciable capital assets	18,724,263	615,694	(398,069)	18,941,888
Accumulated depreciation:				
Buildings and improvements	(10,475,058)	(470,276)	323,128	(10,622,206)
Furniture and equipment	(848,745)	(281,110)	74,941	(1,054,914)
Vehicles	(221,297)	(18,546)	-	(239,843)
Total accumulated depreciation	(11,545,100)	(769,932)	398,069	(11,916,963)
Total depreciable capital assets, net	7,179,163	(154,238)	-	7,024,925
Total capital assets, net	$ 9,490,493	$ 280,768	$ (323,720)	$ 9,447,541

NOTE 6 – COMPENSATED ABSENCES

The changes to the compensated absences balance for the year were as follows:

Balance April 1, 2023	Additions	Deletions	Balance March 31, 2024	Current Portion	Long-term Portion
$ 182,051	$ 236,353	$ (226,473)	$ 191,931	$ 95,966	$ 95,965

NOTE 7 – DIRECT FINANCE PURCHASE

Changes in direct finance purchase amounts for the year were as follows:

Balance April 1, 2023	Additions	Deletions	Balance March 31, 2024	Current Portion	Long-term Portion
$ 1,963,000	$ -	$ (122,000)	$ 1,841,000	$ 125,000	$ 1,716,000

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

NOTE 7 – DIRECT FINANCE PURCHASE (continued)

Annual debt service requirements are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 125,000	$ 40,969	$ 165,969
2026	127,000	38,361	165,361
2027	130,000	35,711	165,711
2028	133,000	30,221	163,221
2029	135,000	27,401	162,401
2030-2034	720,000	92,550	812,550
2035-2037	471,000	17,596	488,596
Total	1,841,000	$ 282,809	$ 2,123,809
Current	(125,000)		
Long-term	$ 1,716,000		

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2024
Net other post-employment benefits obligation	$ 280,682
OPEB related deferred inflows	168,671

A. General Information about the OPEB Plan

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

Employees are eligible for District-paid retiree medical benefits upon attainment of age 50 and five years of service. The District contributes the PEMHCA minimum under the unequal method (5% times number of years the District has been in PEMHCA). The District's non-represented group joined PEMHCA in 2015. Employees must work more than 30 hours a week to be eligible for benefits. The statutory minimum used to designate the District's PEMHCA requirement was $149.00 per month for 2022. The $151.00 increased to $157.00 per month in 2023 and is scheduled by law to be indexed with medical inflation (CPI).

Effective August 1, 2020, the District amended the plan to include represented employees.

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

A. General Information about the OPEB Plan (continued)

Participants
As of March 31, 2024 measurement date, the following members were part of the plan:

	2024
Inactive plan members or beneficiaries currently receiving benefit payments	2
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	31
Total	33

Funding Policy
The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Directors subject to the District's Memorandums of Understanding with bargaining units. The required contribution is based on actual retiree health insurance premium payments required under the Plan. The District has made no discretionary payments into a trust.

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended March 31, 2024, the measurement period, the District's contributions totaled $2,448.

B. Net OPEB Liability

For the fiscal year ended March 31, 2024, the District's total OPEB liability was measured as of March 31, 2024 and was determined by an actuarial valuation as of March 31, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability are noted below.

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

Valuation Date	March 31, 2022
Measurement Date	March 31, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	3.96%
Long-Term Expected Rate of Return on Investments	3.96%
Inflation	2.50%
Payroll increases	2.75%
Healthcare Trend Rates	Pre-65 - 5.50% trending down 0.25% annually to 5.25% for 2025-2039 and 4.75% for 2040-2049 Post-65 - 4.50% for 2050-2069, 4.00% for 2070 and later
Morbidity	CalPERS 2000-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study; 2.5%@55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

B. Net OPEB Liability (continued)

Discount Rate
For OPEB Plans That Are Not Administered through Trusts that meet the Criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the District's Total OPEB liability is based on the Fidelity GO AA 20 Year Municipal Index. The discount rate was increased from 3.78% to 3.96% for the year ended March 31, 2024.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability for fiscal year March 31, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at April 1, 2023 (Measurement date March 31, 2023)	$ 257,900	$ -	$ 257,900
Changes for the year:			
Service cost	22,402	-	22,402
Interest	10,550	-	10,550
Changes in assumption	(7,722)	-	(7,722)
Benefit payments	(2,448)	-	(2,448)
Net changes	22,782	-	22,782
Balance at March 31, 2024 (Measurement date March 31, 2024)	$ 280,682	$ -	$ 280,682

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

For the fiscal year ended March 31, 2024:

1% Decrease 2.96%	Discount Rate 3.96%	1% Increase 4.96%
$ 327,284	$ 280,682	$ 242,379

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower.

For the fiscal year ended March 31, 2024:

1% Decrease 4.50%	Healthcare Cost Trend Rate 5.50%	1% Increase 6.50%
$ 227,676	$ 280,682	$ 350,612

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended March 31, 2023, the District recognized OPEB expense of $16,416. At March 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ (151,516)
Differences between expected and actual experience	-	(17,155)
Total deferred outflows/(inflows) of resources	$ -	$ (168,671)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $0 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended March 31	Deferred Outflows/(Inflows) of Resources
2025	$ (16,536)
2026	(16,536)
2027	(16,536)
2028	(16,536)
2029	(16,536)
Thereafter	(85,991)
Total	$ (168,671)

At March 31, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended March 31, 2024.

NOTE 9 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2024
Pension related deferred outflows	$ 915,743
Net pension liability	1,427,266
Pension related deferred inflows	151,284

The net pension liability balances have a Measurement Date of March 31, 2023 which is rolled-forward for the District's fiscal year ended March 31, 2024.

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 63 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.92% to 2.418%	1.0% to 2.5%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – April to June 2022	11.060%	7.760%
Required employer contribution rates – July 2022 to March 2023	12.630%	8.000%

A. General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District contributes to the miscellaneous risk pool within the Plan. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the March 31, 2017 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA's adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the "classic" plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the "PEPRA/new" plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2023 Annual Actuarial Valuation Reports.

At March 31, 2024, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	11	35	46
Transferred and terminated members	62	40	102
Retired members and beneficiaries	27	1	28
Total plan members	100	76	176

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

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

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions for the year ended March 31, 2024, (Measurement Date March 31, 2023) were as follows:

	Miscellaneous Plans		
Contribution Type	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	$ 143,316	$ 98,326	$ 241,642
Total contributions	$ 143,316	$ 98,326	$ 241,642

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

Proportionate Share of Net Pension Liability and Pension Expense
The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of March 31, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of March 31, 2022, rolled forward to March 31, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended March 31, 2024:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2022 (Measurement Date)	$ 8,474,855	$ 7,291,888	$ 1,182,967
Balance as of June 30, 2023 (Measurement Date)	$ 9,351,914	$ 7,924,648	$ 1,427,266
Change in Plan Net Pension Liability	$ 877,059	$ 632,760	$ 244,299

NOTE 9 – PENSION PLAN (continued)

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

The District's proportionate share of the net pension liability for the March 31, 2023, measurement date was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending March 31, 2024	Fiscal Year Ending March 31, 2023	Change Increase/ (Decrease)
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.028543%	0.025281%	0.003262%
Percentage of Plan (PERF C) Net Pension Liability	0.011441%	0.010241%	0.001200%

For the fiscal year ended March 31, 2024, the District recognized pension Expense of $447,109. At March 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 241,642	$ -
Difference between actual and proportionate share of employer contributions	-	(109,276)
Adjustment due to differences in proportions	283,931	(30,697)
Differences between expected and actual experience	72,912	(11,310)
Differences between projected and actual earnings on pension plan investments	231,087	-
Changes in assumptions	86,170	-
Total Deferred Outflows/(Inflows) of Resources	$ 915,742	$ (151,283)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NOTE 9 – PENSION PLAN (continued)

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

An amount of $241,642 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended March 31	Deferred Outflows/(Inflows) of Resources
2025	$ 174,618
2026	159,050
2027	182,518
2028	6,631
Total	$ 522,817

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending March 31, 2023 (the measurement date), the total pension liability was determined by rolling forward the March 31, 2022, total pension liability. The March 31, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 9 – PENSION PLAN (continued)

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

Long-term Expected Rate of Return (continued)
The table below reflects long-term expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return [1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

[1] In the CalPERS's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.
[2] An expected inflation rate-of-return of 2.5% is used for years 1-10.
[3] An expected inflation rate-of-return of 2.9% is used for years 11+.

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events
There were no subsequent events that would materially affect the results in this disclosure.

NOTE 9 – PENSION PLAN (continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended March 31, 2024, was as follows:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	$ 2,692,073	$ 1,427,266	$ 386,222

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At March 31, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended March 31, 2024.

NOTE 10 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

At March 31, the net position – net investment in capital assets balance was calculated as follows:

Description	Balance
Net investment in capital assets:	
Capital assets – not being depreciated	$ 2,422,616
Capital assets – being depreciated, net	7,024,925
Direct finance purchase – current portion	(125,000)
Direct finance purchase – non-current portion	(1,716,000)
Total net investment in capital assets	$ 7,606,541

NOTE 11 – FUND BALANCES

At March 31, 2024, fund balances of the District's governmental funds were classified as follows:

Description	General Fund	Atwood Park Fund	City Mitigation Fund	Total Governmental Funds
Nonspendable:				
Prepaid items	$ 79,537	$ -	$ -	$ 79,537
Restricted:				
Pension trust	533,564	-	-	533,564
Committed:				
COVID relief funding	203,000	-	-	203,000
ADA reserve	13,009	-	-	13,009
Total Committed	216,009	-	-	216,009
Assigned:				
Foundation activities	16,154	-	-	16,154
Youth assistance	57,637	-	-	57,637
Arboretrum grant projects	15,614	-	-	15,614
Atwood park projects	-	16,078	-	16,078
City mitigation projects	-	-	254,407	254,407
Compensated absences	191,931	-	-	191,931
Total assigned	281,336	16,078	254,407	551,821
Unassigned	2,559,253	-	-	2,559,253
Total fund balances	$ 3,669,699	$ 16,078	$ 254,407	$ 3,940,184

NOTE 12 – INTERFUND ACTIVITIES

Due to/from other funds amounts are for cash balances belonging to the Atwood Park Fund that are held in the General fund. Due to/from other funds consisted of the following at March 31, 2024:

	Due To/From		
Amount	From Fund	To Fund	Purpose
$ 16,078	General	Atwood	Claim on cash

NOTE 13 – JOINT VENTURE

The District is a member of The California Association for Park and Recreation Indemnity (CAPRI) is a Joint Powers Authority which provides insurance coverages, risk management, safety and loss prevention services through a financially sound risk-sharing pool. The original pool was created in 1986 while the current organization is the result of the merger on July 1, 2008 between California Association for Park and Recreation Insurance and Park and Recreation District Employee Compensation (PARDEC).

CAPRI's membership consists of various recreation and park districts in California. Through its various programs, members are able to pool member contributions and to realize the advantages of self-insurance. It provides coverage for property, general liability, workers' compensation, public officials and employee liability, automobile liability, and other minor coverages. CAPRI is under the control and direction of the Board of Directors consisting of representatives of the member districts.

Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint-powers authority. Full financial statements are available separately from the California Association for Park and Recreation Indemnity at 6341 Auburn Blvd., Suite A, Citrus Heights, California 95621. Condensed information for CAPRI is as follows:

A.	**Entity**	CAPRI
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
P	**Participants**	As of June 30, 2023 – 64 member districts
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2023:**	
	Property/Liability policy	$204,100
F.	**Condensed financial information**	June 30, 2023
	Audit signed	April 29, 2024

	June 30, 2023
Statement of financial position:	
Total assets	$ 32,851,231
Deferred outflows	353,979
Total liabilities	19,593,837
Deferred inflows	82,989
Net position	$ 13,528,384
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 16,039,075
Total expenses	(10,751,434)
Change in net position	5,287,641
Beginning – net position	8,240,743
Ending – net position	$ 13,528,384

G.	**Member agencies share of year-end financial position**	Not Calculated

NOTE 14 – 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 Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

A.	**Entity**	SDRMA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of June 30, 2023 – 493 member agencies
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2023:**	
	Workers' compensation policy	$71,703
F.	**Condensed financial information**	June 30, 2023
	Audit signed	November 1, 2023

	June 30, 2023
Statement of net position:	
Total assets	$ 146,574,993
Deferred outflows	1,664,198
Total liabilities	76,343,471
Deferred inflows	374,517
Net position	$ 71,521,203
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 100,884,445
Total expenses	(96,706,371)
Change in net position	4,178,074
Beginning – net position	67,343,129
Ending – net position	$ 71,521,203

G. **Member agencies share of year-end financial position** Not Calculated

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

NOTE 14 – RISK MANAGEMENT (continued)

Coverage provided under CAPRI and SDRMA

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

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

Flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50.000 per occurrence, or 5% for earthquake and $50,000 for flood or wildfire, of the value of the building, contents, and/or structure damaged, whichever is greater.

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

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

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of March 31, 2024, 2023, and 2022.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. The management of the District believes that such disallowances, if any, would not be significant.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Litigation
The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel and/or management, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 16 – CURRENT AND SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 16, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

AUBURN AREA RECREATION AND PARK DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended March 31, 2024

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 4,130,493	$ 4,259,704	$ 129,211
Charges for services	1,239,872	1,502,823	262,951
Rents and concessions	188,147	209,038	20,891
Operating grants and contributions	124,055	148,269	24,214
Lease revenue	39,440	39,440	-
Investment earnings	43,447	153,595	110,148
Sale of capital asset	-	198,830	198,830
Other revenue	47,521	46,542	(979)
Total revenues	5,812,975	6,558,241	745,266
Expenditures:			
Current:			
Salaries and wages	2,706,208	2,860,591	(154,383)
Employee benefits	835,221	789,818	45,403
Program costs	255,685	317,222	(61,537)
Materials and services	1,484,382	1,531,002	(46,620)
Capital outlay	892,716	726,980	165,736
Debt service:			
Principal	122,000	122,000	-
Interest	33,463	33,463	-
Total expenditures	6,329,675	6,381,076	(51,401)
Excess(Deficit) of revenues over (expenditures)	(516,700)	177,165	693,865
Change in fund balance	$ (516,700)	177,165	$ 693,865
Fund balance:			
Beginning of year		3,492,534	
End of year		$ 3,669,699	

See notes to the required supplementary information.

AUBURN AREA RECREATION AND PARK DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended March 31, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	Varies by plan	$ 458,264	$ 1,333,961	34.35%	86.17%
June 30, 2015	0.02011%	458,264	1,333,961	34.35%	84.02%
June 30, 2016	0.02460%	780,085	1,719,670	45.36%	80.64%
June 30, 2017	0.02452%	966,748	1,874,726	51.57%	80.31%
June 30, 2018	0.02480%	934,476	2,059,494	45.37%	83.05%
June 30, 2019	0.02691%	1,077,429	1,807,953	59.59%	82.80%
June 30, 2020	0.02935%	1,238,090	1,967,040	62.94%	81.76%
June 30, 2021	-0.00176%	(33,404)	1,796,643	-1.86%	100.44%
June 30, 2022	0.02581%	1,182,967	1,949,543	60.68%	86.04%
June 30, 2023	0.02854%	1,427,266	2,293,282	62.24%	84.74%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50%used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%, and the the inflation rate as reduced from 2.50% to 2.30%.

AUBURN AREA RECREATION AND PARK DISTRICT

Schedule of Pension Contributions
For the Fiscal Year Ended March 31, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 150,179	$ (150,179)	$ -	1,333,961	11.26%
2016	121,477	(121,477)	-	1,719,670	7.06%
2017	128,997	(128,997)	-	1,874,726	6.88%
2018	146,616	(146,616)	-	2,059,494	7.12%
2019	156,700	(156,700)	-	2,244,919	6.98%
2020	164,229	(164,229)	-	1,961,011	8.37%
2021	233,538	(373,538)	(140,000)	1,742,314	13.40%
2022	244,543	(487,936)	(243,393)	1,905,665	12.83%
2023	286,737	(286,737)	-	1,949,543	14.71%
2024	241,642	(241,642)	-	2,293,282	10.54%

Notes to Schedule:

Measurement Date	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2015	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2018	June 30, 2017	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2023	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.0%@55), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only ten years are shown.

AUBURN AREA RECREATION AND PARK DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Fiscal Year Ended March 31, 2024

Fiscal Year Ended	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Measurement Date	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Total OPEB liability:					
Service cost	$ 22,402	$ 26,643	$ 37,604	$ 28,779	$ 16,000
Interest	10,550	8,283	7,613	5,992	5,614
Changes of assumptions	(7,722)	(67,828)	(29,274)	(91,877)	-
Differences between expected and actual experience	-	(20,331)	-	-	-
Changes of benefit terms	-	-	-	108,149	-
Benefit payments	(2,448)	(2,107)	(926)	(584)	(462)
Net change in total OPEB liability	22,782	(55,340)	15,017	50,459	21,152
Total OPEB liability - beginning	257,900	313,240	298,223	247,764	226,612
Total OPEB liability - ending	$ 280,682	$ 257,900	$ 313,240	$ 298,223	$ 247,764
Covered-employee payroll	$ 1,913,490	$ 2,071,938	$ 1,883,273	$ 1,562,465	$ 719,947
District's net OPEB liability as a percentage of covered-employee payroll	14.67%	12.45%	16.63%	19.09%	34.41%

Notes to Schedule:

Benefit Changes:

Measurement Date March 31, 2020 – There were no changes in benefits
Measurement Date March 31, 2021 – The District ammended the plan to include represented employees
Measurement Date March 31, 2022 – There were no changes in benefits
Measurement Date March 31, 2023 – There were no changes in benefits
Measurement Date March 31, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date March 31, 2020 – There were no changes in assumptions .
Measurement Date March 31, 2021 – Census data from the plans participants was updated
Measurement Date March 31, 2022 – The discount rate increased from 2.27% to 2.83%.
Measurement Date March 31, 2023 – The discount rate increased from 2.83% to 3.78%.
Measurement Date March 31, 2024 – The discount rate increased from 3.78% to 3.96%.

* Fiscal year 2020 was the first year of implementation; therefore, only five years are shown.

Other Independent Auditors' Report

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Auburn Area Recreation and Park District (District) as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 16, 2024.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA
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Compliance and Other Matters

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

Purpose of this Report

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

Walnut Creek, California
July 16, 2024