

Livermore Area Recreation and Park District Staff Report

TO: Chair Boswell and Board of Directors

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Business Services Manager
Julie Dreher, Finance Officer

DATE: February 22, 2023

SUBJECT: Agenda Item 4.1: District Audit for Fiscal Year 2021-2022

COMMITTEE: Finance Committee received preliminary view (February 13, 2023)

RECOMMENDATION: That the Board of Directors accept the Fiscal Year 2021-2022 District Audit.

BACKGROUND: District auditors, James Marta & Company, LLP, conducted an annual audit of the District's financial reporting and processes for Fiscal Year (FY) 2021-22 and their work is reflected in the complete audit report (a hard copy of the "Independent Auditor's Report" will be delivered to the board alongside this staff report), and in **Attachment A** ("Communication with Those Charged with Governance"). Embedded in the Independent Auditor's Report is Management's Discussion and Analysis (MD&A), which is also included as **Attachment B**, which is Staff's contribution to the Auditor's Report and meant to complement the work of James Marta and assist the Board and other readers of the Report in gauging the financial results of the District for FY 2021-22. **Attachment C** is a copy of a PowerPoint presentation, compiled by James Marta, that will be reviewed with the Board in today's meeting. **Attachment D** is the entire Auditor's Report.

Under "normal" circumstances, staff and Marta would complete their work by December following the fiscal year-end in June. This is not a "normal" year due to the unusual effort required of staff to complete an internal audit of the District's fixed assets that resulted from a study to outline the District's property ownership and asset values completed in the summer of 2022. That study flagged what are now obvious discrepancies between what had been placed on the District's books for Land and its true ownership. While no issues were identified with Buildings, Fixtures, and Equipment, material errors were found in Land assets reported in FY14-15 and prior (all but one entry dates back to 2001 and prior): thirty-one (31) instances of land operated by the District but leased from others (in all but two instances from the City of Livermore) had been included in prior period reporting of Land assets on the District's balance sheet. An adjustment of \$19,304,517 to reduce the District's Net Capital Assets is reflected in the

attached financial schedules. Staff research to prove ownership status for each Land entry in its balance sheet involved review of related agreements and other documentation in support of fixed asset entries as well as research of ownership designations as reflected in data housed with the County of Alameda's Assessor's office. Audit partner James Marta has reviewed and accepted staff's work as complete and valid.

AUDIT RESULTS:

1. James Marta & Company conducted a comprehensive and thorough examination of our financial records, policies and procedures and did so in an open, constructive manner in working with LARPD Finance.
2. Notwithstanding the material prior period adjustment required for the correction of the District's Land asset value, the District received a clean audit for its on-going financial operations: no deficiencies in internal controls were identified and the financial statements included in the Independent Auditor's Report represent, fairly, the financial position of the District (an unmodified opinion, the best an auditor can give).

Attachments:

A: James Marta's "Communication with Those Charged with Governance".

B: Staff's "Management Discussion and Analysis" (a component of the overall Independent Auditor's Report).

C: James Marta's Presentation to be made to the Board of Directors at this meeting.

D: The Independent Auditor's Report



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the basic financial statements of Livermore Area Recreation and Park District (the “District”) for the year ended June 30, 2022 and have issued our report thereon dated February 15, 2023. Professional standards require that we communicate certain matters to you related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated March 7, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls and other matters noted during our audit in a separate letter to you dated February 15, 2023.

Planned Scope and Timing of the Audit

In addition to our original planned scope we previously communicated to you, in agreement with management, we changed the scope and timing of the audit in order to perform additional procedures over the capital assets.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application for the year ended June 30, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are new Governmental Accounting Standards that may affect the District in future years. See Attachment III.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most significant estimates are those regarding pension liability and the collectability of receivables.

Management's estimate of pension liability is based on an actuarial study performed by independent third parties. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the collectability of receivables is based on historical experience. We evaluated the key factors and assumptions used to develop the estimate of accounts receivable collectability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements noted as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected adjustments that were brought to the attention of management as a result of our audit procedures. All adjustments identified during the audit are shown in Attachment I as adjusting journal entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 15, 2023. See Attachment II.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Services

We prepared the following information for the State Controller's Office for the year ending June 30, 2022, based on information provided by management:

- Special Districts Financial Transactions Report

The performance of the above other services does not constitute an audit. Accordingly, we will provide no opinion on the Special Districts Financial Transactions Report.

We have assisted management in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by management.

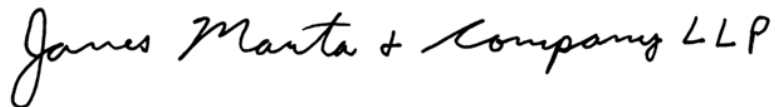
Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

Other Significant Findings or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors. See Attachment III for discussion of upcoming accounting changes that will affect the District going forward.

In addition to the financial audit, we performed agreed upon procedures on the appropriations limit under Article XIII B of the California Constitution and issued a related report; prepared the Special Districts Financial Transactions Report for Livermore Area Recreation and Park District and Governments of Livermore Financing Authority; and prepared the financial statements of the District using information provided by management. Performance of these “agreed upon procedures” and issuance of the aforementioned reports does not constitute an audit, nor does it impair our independence.

This report is intended solely for the use of the Board of Directors and management of Livermore Area Recreation and Park District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 15, 2023

Corrected Misstatements:

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To agree beginning fund balance and remove the liability setup for the PG&E loan			
6000-001-000-000	POB Other Financing Sources	12,875,000	
3300-001-000-000	General Fund Balance		263,750
7000-001-000-000	POB Other Financing Uses		12,611,250
Total		12,875,000	12,875,000
Adjusting Journal Entries JE # 2			
To clear old accrued benefit costs			
2150-001-003-000	Retirement RT1-T3 Basic EE Contribution	10,820	
2150-001-004-000	Retirement RT1-T4 Basic EE Contribution	443	
2156-001-000-000	Commuter Benefit	84	
2215-001-000-000	Workers Comp Payable	27,180	
2275-001-044-000	Garnishment 44 Payable	182	
2600-001-000-000	Employer Medicare Liability Payable	79	
2605-001-000-000	Employer FICA Social Security Payable	238	
2610-001-000-000	Employee Medicare Liability Payable	79	
2615-001-000-000	Employee FICA Social Security Payable	238	
4126-001-001-000	Retirement - Tier 1	142	
4126-001-004-000	Retirement - Tier 4	879	
2000-001-000-000	Federal Taxes Payable		19
2050-001-000-000	State Taxes Payable		8
2153-001-001-000	Retirement RT1 Basic Payable		142
2153-001-003-000	Retirement RT1 - T3 Basic Payable		3,501
2153-001-004-000	Retirement RT1 - T4 Basic Payable		1,321
2204-001-000-000	Vision Payable		1,712
2205-001-000-000	Hearing Payable		662
2275-001-000-000	Garnishment Payable		62
4120-001-000-000	Full Time Salaries		25,618
4126-001-003-000	Retirement - Tier 3		7,319
Total		40,364	40,364
Adjusting Journal Entries JE # 3			
PBC - To correct overbilling to LVJUSD.			
5153-007-000-000	Christensen School Reimb	7,693	
1182-001-000-000	Accounts Receivable - Christensen		7,693
Total		7,693	7,693
Adjusting Journal Entries JE # 4			
PBC - to correctly reflect invoice in AR			
1180-001-000-000	Accounts Receivable - Zone 7	5,214	
5392-016-000-000	Environment Education		5,214
Total		5,214	5,214

Reclassifying Journal Entries

None.

Proposed Journal Entries

None.



Livermore Area
Recreation and Park District
An independent special district

4444 East Avenue, Livermore, CA 94550-5053
(925) 373-5700 www.larpd.org

General Manager
Mathew L. Fuzie

MANAGEMENT REPRESENTATION LETTER

February 15, 2023

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Livermore Area Recreation and Park District as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Livermore Area Recreation and Park District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 15, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 7, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

Board of Directors

James E. Boswell

Maryalice Faltings

David Furst

Jan Palajac

Philip Pierpont

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting journal entries reflected in the audit statements and Attachment A.
- We have reviewed and approved the restatement of beginning net position reflect in audit statements.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Livermore Area Recreation and Park District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Livermore Area Recreation and Park District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Livermore Area Recreation and Park District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with GASB.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with GASB.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:


- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with GASB.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- f. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- g. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Use of a Specialist

We agree with the findings of specialists in evaluating the District's proportionate share of net pension and net OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Pension and Postretirement Benefits

We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.



Jeffrey Schneider, Business Services Manager

Attachment A
 JOURNAL ENTRY REPORT

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To agree beginning fund balance and remove the liability setup for the PG&E loan			
6000-001-000-000	POB Other Financing Sources	12,875,000	
3300-001-000-000	General Fund Balance		263,750
7000-001-000-000	POB Other Financing Uses		12,611,250
Total		12,875,000	12,875,000
Adjusting Journal Entries JE # 2			
To clear old accrued benefit costs			
2150-001-003-000	Retirement RT1-T3 Basic EE Contribution	10,820	
2150-001-004-000	Retirement RT1-T4 Basic EE Contribution	443	
2156-001-000-000	Commuter Benefit	84	
2215-001-000-000	Workers Comp Payable	27,180	
2275-001-044-000	Garnishment 44 Payable	182	
2600-001-000-000	Employer Medicare Liability Payable	79	
2605-001-000-000	Employer FICA Social Security Payable	238	
2610-001-000-000	Employee Medicare Liability Payable	79	
2615-001-000-000	Employee FICA Social Security Payable	238	
4126-001-001-000	Retirement - Tier 1	142	
4126-001-004-000	Retirement - Tier 4	879	
2000-001-000-000	Federal Taxes Payable		19
2050-001-000-000	State Taxes Payable		8
2153-001-001-000	Retirement RT1 Basic Payable		142
2153-001-003-000	Retirement RT1 - T3 Basic Payable		3,501
2153-001-004-000	Retirement RT1 - T4 Basic Payable		1,321
2204-001-000-000	Vision Payable		1,712
2205-001-000-000	Hearing Payable		662
2275-001-000-000	Garnishment Payable		62
4120-001-000-000	Full Time Salaries		25,618
4126-001-003-000	Retirement - Tier 3		7,319
Total		40,364	40,364
Adjusting Journal Entries JE # 3			
PBC - To correct overbilling to LVJUSD.			
5153-007-000-000	Christensen School Reimb	7,693	
1182-001-000-000	Accounts Receivable - Christensen		7,693
Total		7,693	7,693
Adjusting Journal Entries JE # 4			
PBC - to correctly reflect invoice in AR			
1180-001-000-000	Accounts Receivable - Zone 7	5,214	
5392-016-000-000	Environment Education		5,214
Total		5,214	5,214

Reclassifying Journal Entries

None.

Proposed Journal Entries

None.

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 91, Conduit Debt Obligations

Effective for the fiscal year ending June 30, 2023

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective for the fiscal year ending June 30, 2023

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

Effective for the fiscal year ending June 30, 2023

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 99, Omnibus 2022

Effective dates vary

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument – *Effective for the fiscal year ending June 30, 2024*
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability – *Effective for the fiscal year ending June 30, 2023*
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt – *Effective immediately*
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) – *Effective immediately*
- Disclosures related to nonmonetary transactions – *Effective immediately*
- Pledges of future revenues when resources are not received by the pledging government – *Effective immediately*
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements – *Effective immediately*

- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – *Effective immediately*
- Terminology used in Statement 53 to refer to resource flows statements. – *Effective immediately*

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

Effective for the fiscal year ending June 30, 2024

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ending June 30, 2025

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

We do not expect this standard to have any significant impact on the District.

LIVERMORE AREA RECREATION & PARK DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2022

Livermore Area Recreation & Park District's annual financial report includes management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022.

USING THIS ANNUAL REPORT

Management's Discussion and Analysis is meant to complement the Independent Auditor's Report. Together, these schedules and notes provide a view of the District's financial health and the results of its operations for the year-ended June 30, 2022.

FINANCIAL HIGHLIGHTS

While the Auditor's report reflects the use of full accrual accounting, the District's regular budget and actual reporting to its Board is based on general fund accounting, though we isolate Capital Improvement Program (CIP) related income (AB1600 developer fees) and spending from on-going operations, as well as one-time funding from other sources, such as the proceeds from the June, 2021 issuance of Pension Obligation Bonds (POBs), in our regular financial reviews. In reviewing results vs Budget, this narrative will focus on actual results versus the Final Budget, approved mid-year.

1. The most prominent element of this year's report concerns the restatement of Capital Assets that followed the District's internal audit of its fixed asset entries. While no issues were identified with Buildings, Fixtures, and Equipment, material errors were found in Land assets reported in FY14-15 and prior (all but one entry dates back to 2001 and prior): thirty-one (31) instances of land operated by the District but leased from others (in all but two instances from the City of Livermore) had been included in prior period reporting of Land assets on the District's balance sheet. An adjustment of \$19,304,517 to reduce the District's Net Capital Assets is reflected in the attached financial schedules. Staff research to prove ownership status for each Land entry in its balance sheet involved review of related agreements and other documentation in support of fixed asset entries as well as research of ownership designations as reflected in data housed with the County of Alameda's Assessor's office. One item remains to be concluded with the County, which has not reflected LARPD's ownership of its Bruno Canziani property, though the District asked for, and obtained, a note from Signature Properties (with whom the County still assigns ownership though they've never been assessed property taxes) confirming their dedication of the land to us in 2005 (consistent with our agreement with them and the City). The County has copies of the Canziani documentation and a change in their database to reflect the District as its proper owner is anticipated.

2. A significantly favorable result is evidenced in the District's net change in its General Fund balance. Considering operating results, CA Covid Relief funds, and Capital-related inflows (AB-1600 funding) and outflows, the net change in the General Fund in FY21-22 is \$1,969,798, which is \$445,042, or 29%, better than the Final Budget of \$1,524,756. Relative to the Covid-impacted prior year, when the net change in the General Fund was \$611,817, this year's result is \$1,357,981, or 222% better.
- a. Operating results (revenues less operating expenses) prior to Capital Equipment, CIP income and outlays, and funds from the California Covid Relief Fund, are \$1,595,094 (\$318,213, or better than the Final Budget of \$1,276,881), and \$1,219,593, or 325% better than the prior year.
- i. The Statement of Activities, below, highlights the District's successful return to "normal" operations following the pandemic: a 2% reduction in program (operating) expenses versus the prior year occurred while Charges for Services (program revenues) grew 92%. The District clearly emerged from the constrained pandemic-driven environment prepared to provide services to the public in an innovative and efficient manner.
- ii. The favorable Operating Contribution variance versus Budget of \$318,212 is primarily due to favorable variances in tax revenues and earned income of \$131,464 and \$118,911 respectively, with operating expenditures accounting for the remaining favorable variance of \$67,837.
- iii. Operating Expenditures for FY21-22 reflect the onset of debt service payments associated with the June, 2021 issuance of Pension Obligation Bonds (POB), with a total of \$920,948 in outlays in FY21-22 (\$660,000 in principal and \$260,948 in interest). Offsetting the POB debt service are savings of ~\$700,000 from the District's reduced ACERA retirement contributions (10 months of savings beginning September, 2021) that resulted from the POB-based pay-down of the District's Unfunded Accrued Actuarial Liability (UAAL) with ACERA.
- iv. Operating revenue from services and property/parcel taxes was \$20,501,791, or \$250,375 (1.2%) above the Final FY21-22 Budget of \$20,251,416. Revenue from programs and services of \$6,645,878 was \$118,911, or 1.8% favorable versus the Final Budget, and, significantly (\$2,431,328, or 58%) above the COVID-impacted FY20-21 results, a reflection of the District's innovative and thoughtful approach to revitalizing services that had been impacted by the pandemic. Tax revenues of \$13,855,913, are \$131,464, or 1%, above the Final Budget, and \$613,202, or 4.6% above FY20-21 results.
- v. Operating expense, excluding capital equipment and CIP, of \$18,906,697 is \$67,838 (0.4%) below the Final Budget, despite the aforementioned net impact of a full year of POB debt service versus 10 months of related

ACERA contribution reductions. The District's spending on salary and benefits and services and supplies was prudent and largely in line with Budget.

- b. The net of Capital Development Revenues (\$2,631,839) and Total Capital Project spend (Equipment plus CIP) of \$2,257,135 is \$374,704 and reflects the following:
 - i. \$1,223,460 of funds received from the State of California's COVID Relief Fund are reflected in the Capital Development Revenue line, which is not offset by specific project spend.
 - ii. Offsetting the COVID Revenue inflow is significant CIP spending of \$812,038 from the General Fund (projects that did not qualify for AB1600 developer fee revenues) for projects including Trevarno Sewer (\$458,787), Tex Spruiell Path Renovation (\$116,165), May Nissen Pool Resurfacing (\$207,350), and a few modest projects totaling \$29,736.
 - iii. Capital Development Revenues are \$865,994 below (unfavorable versus) the Final FY21-22 Budget, largely because AB1600 developer fee funding of \$921k for three projects that were budgeted but not completed in FY21-22 was not received (\$817k pump track, \$60k for a shade structure, and \$44k for fixtures at the Patterson Ranch Trail project).
 - iv. After having been largely curtailed in FY20-21 due to the pandemic, Capital spending, largely CIP, amounted to \$2,257,135 in FY21-22. Project outlays in FY21-22 included \$1,332,910 for two modular offices for youth services at Joe Mitchell school, \$458,787 for the Trevarno Road Sewer project (which did not include costs to complete the final connections to the two District building that are included in the project), \$207,350 for the resurfacing of the May Nissen Pool, \$116,165 for the refurbishment of the paved pathway at Tex Spruiell Park, and a variety of smaller projects totaling \$141,923. Of the aforementioned projects specifically listed above, only the Mitchell School project relied on AB1600 developer fees as the rest required the use of General Funds.

FINANCIAL ANALYSIS OF THE DISTRICT

The financial statements and related notes contained herein are based upon full accrual accounting methods that are consistent with Generally Accepted Accounting Principles (GAAP).

- The Statement of Net Position outlines the difference between the District’s assets and liabilities, and in doing so provides the basis for evaluating the capital structure of the District, its liquidity and financial flexibility.
- The Statement of Activities reflects all of the fiscal year’s revenues, including those that are related to capital contributions (largely AB1600 developer fees), and expenses, including depreciation.

Statement of Net Position

	June 30, 2022	As restated June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Current Assets	\$ 13,085,868	\$ 10,670,906	\$ 2,414,962	23%
Capital Assets, Net	67,785,992	69,469,362	(1,683,370)	-2%
Total Assets	80,871,860	80,140,268	731,592	1%
Deferred Outflows of Resources	3,795,574	18,854,972	(15,059,398)	-80%
Current Liabilities	3,039,948	1,781,006	1,258,942	71%
Long-Term Liabilities	6,736,830	29,111,163	(22,374,333)	-77%
Total Liabilities	9,776,778	30,892,169	(21,115,391)	-68%
Deferred Inflows of Resources	9,688,559	4,567,578	5,120,981	112%
Net Investment in Capital Assets	66,524,944	68,050,683	(1,525,739)	-2%
Restricted Net Position	407,173	390,900	16,273	4%
Unrestricted Net Position	(1,730,020)	(4,906,090)	3,176,070	-65%
Total Net Position	\$ 65,202,097	\$ 63,535,493	\$ 1,666,604	3%

1. A significant element of the District’s Statement of Net Position is the \$19,304,517 reduction / prior-period restatement of the Land component of the District’s Net Capital Assets for the year-ended June 30, 2021. Net Capital Assets now total \$67,785,992, with Land now amounting to \$33,513,302, Construction in Progress totaling \$2,107,138 (CIP projects not yet completed by June 30, 2021, the largest being \$1,487,849 for two new modular classrooms for the ESS program at Joe Michell School that were completed in FY22-23, and \$458,787 for the Trevarno Road Sewer/Water project, whose connections to the two District buildings on that road will be completed in 2023), and \$32,165,551 in the form of net depreciable capital assets (facilities, recreation / playground fixtures, vehicles, and equipment, with the largest including the Robert Livermore Community Center complex that had a net book value of \$11,656,295 as of June 30, 2021).

2. The District's Current Assets as of June 30, 2022 total \$13,085,868 and consist primarily of Cash balances (\$11,945,413), Accounts Receivable (\$525,860), and Accrued Revenue (earned but not received, largely summer registration fees) of \$604,730.
3. The other noteworthy component of this schedule is the change in Long-term Liabilities, from \$29,111,163 to \$6,736,830. As of June, 2021, the District's Long-term liabilities included \$12,875,000 for its POBs, \$14,126,234 for its ACERA Pension liability (which did not reflect the ultimate impact of the POB funding on this liability), \$32,184 for OPEB liability, \$659,066 of compensated balances (vacation and compensated time), and \$1,418,679 for its PG&E on-bill financing (at 0%) of its FY19-20 project to drive energy efficiencies at its Robert Livermore Community Center (RLCC). As of June 30, 2022, the list of long-term liabilities has not changed, but the specific balances have, particularly those related to the ACERA Pension and OPEB liabilities: largely as a result of investment performance in 2021 that far outweighed ACERA's expectations, and following on the POBs' elimination of ~95% of the then-current UAAL as of June 30, 2021, the District's net Pension Liability and Other Post-Employment Benefits (OPEB) liabilities became negative at (\$4,882,346) and (\$1,801,299) respectively. The District expects these Pension-related balances to increase in FY22-23 as the impact of ACERA's 2022's negative investment performance is considered. The remaining POB balance as of June 30, 2022 is \$12,215,000 (\$11,507,369 long-term, \$550,000 is due within one year and thus current), and the PG&E on-bill-financing balance is now \$1,261,048 (similarly, \$1,103,417 is long-term and \$157,631 is current). Finally, the remainder of the District's long-term liabilities is associated with the \$652,058 of compensated balances.
4. The District's current liabilities of \$3,039,948 include: \$785,437 in accounts payable, \$707,631 for debt obligations due within one year (\$550,000 for the POBs and \$157,631 for the PG&E on-bill financing), \$578,681 in deferred revenue (receipts for classes and events that will occur in the following fiscal year), \$599,335 related to payroll (\$386,470 associated with the last pay period of the year, which is not paid until the first month of the following fiscal year and \$212,865 for the portion of the first pay period ending in the following fiscal year that fell in FY21-22), \$107,700 in accrued interest on the POBs, \$114,982 in unemployment payable, and \$146,182 in miscellaneous liabilities (security deposits, retirement payable, miscellaneous vendor accruals, etc.).
5. Deferred Outflows and Inflows: Deferred outflows include, among other components, contributions subsequent to the ACERA measurement date of December 31, 2020 for FY20-21 and December 31, 2021 for FY21-22. In the prior fiscal year, deferred outflows were greatly inflated by the issuance of Pension Obligation Bonds issued in June, 2021, of which \$12,611,250 was used to pay off approximately 95% of the then-current Unfunded Accrued Actuarial Liability (UAAL). As the District had no such activity that would impact the deferred outflows for FY21-22, this component of the District's Net Position declined from \$18,854,972 in the prior year to \$3,795,574 for FY21-22. Deferred inflows grew from \$4,567,578 in the prior year to \$9,688,559 for FY21-22, driven largely by the excess of actual over expected earnings of ACERA's investment activities, accounting for \$3,954,693 of the \$5,120,981 year-over-year increase.

Statement of Activities

	<u>June 30,</u> <u>2022</u>	<u>As restated</u> <u>June 30,</u> <u>2021</u>	<u>Amount</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Program Revenues:				
Charges for services	\$ 5,756,037	\$ 3,002,406	\$ 2,753,631	92%
Operating grants and contributions	889,841	1,212,144	(322,303)	-27%
Capital grants and contributions	2,631,839	154,181	2,477,658	1607%
Total Program Revenues	<u>9,277,717</u>	<u>4,368,731</u>	<u>4,908,986</u>	<u>112%</u>
General Revenues:				
Property taxes	13,855,913	13,242,711	613,202	5%
Miscellaneous	-	-	-	N/A
Total General Revenues	<u>13,855,913</u>	<u>13,242,711</u>	<u>613,202</u>	<u>5%</u>
Total Revenues	<u>23,133,630</u>	<u>17,611,442</u>	<u>5,522,188</u>	<u>31%</u>
Program Expenses:				
Parks and recreation	21,467,026	21,822,105	(355,079)	-2%
Change in Net Position	1,666,604	(4,210,663)	5,877,267	-140%
Net Position, Beginning, as originally reported	<u>63,535,493</u>	<u>87,050,673</u>	<u>(23,515,180)</u>	<u>-27%</u>
Prior period adjustment (Note 1S)	-	(19,304,517)	19,304,517	-100%
Net Position, Beginning, as restated	<u>63,535,493</u>	<u>67,746,156</u>	<u>(4,210,663)</u>	<u>-6%</u>
Net Position, Ending	<u>\$ 65,202,097</u>	<u>\$ 63,535,493</u>	<u>\$ 1,666,604</u>	<u>3%</u>

1. The highlight here is how the District's Programs and Services performed relative to the prior, COVID-influenced, year: while controlling expenses (2% reduction in program (operating) expenses versus the prior year), the District's Charges for Services (program revenues) grew 92%. The District clearly emerged from the constrained pandemic-dominated environment prepared to expand its service offerings in an innovative and efficient manner.
2. Total District Revenues, including Capital Grants and Contributions, which is primarily associated with AB-1600 developer fees in normal years but in FY21-22 includes \$1,223,460 in State of California COVID Relief Funds, grew to \$23,133,630, up \$5,522,188 or 31% versus the previous year. Leading the increase versus FY20-21 are Program revenues (Charges for Services) which grew by 92%, or \$2,753,631, and increased CIP Activity and related AB1600 funding (\$1,406,204) and the aforementioned COVID relief funds (\$1,223,458), the latter two of which combined to drive an increase of \$2,477,658 in Capital Grants and Contributions.
 - a. Charges for Services (Program Revenues) bounced back dramatically as constraints driven by the COVID-19 pandemic eased. While staff's efforts to keep essential services (for example, youth and senior services, open space, etc.) were critical to the health of the LARPD community in the prior year, as the County's health mandates eased, more opportunities became available to provide programming and services in FY21-22, and staff's ability to recognize and act on those opportunities resulted in Services revenues of \$5,756,037, which are \$2,753,631 or 92% above the prior year.

- b. Operating Grants and Contributions declined by \$322,303 as an increase in Child Care Links (now known as Hively) funding for financial assistance for childcare of \$225,838 was offset by the loss of the District's contract with Kindango which provided funding for after school care and which amounted to \$607,764 in the prior year. Aside from youth services grants, this line item includes \$200,000 in funding from East Bay Regional Park District to contribute to operating support of our open space parks.
 - c. Capital Contributions and Grants in normal years are primarily associated with AB-1600 developer fees (\$1,406,204) used to finance the majority of CIP project activity for projects that increase park/facility capacity, but in FY21-22 this line item also includes \$1,223,460 in State of California COVID Relief funds. Totaling \$2,631,839, these revenues represent an increase of \$2,477,658 versus the prior year when CIP activity was severely constrained by the pandemic.
 - d. Operating Revenues from Property and Parcel Taxes reached \$13,855,913, an increase of 5% versus prior year, with the majority of the growth coming from property taxes (the District's parcel taxes are constrained by the measure that established it at 2% growth per equivalent dwelling unit (EDU, essentially a single family dwelling) per year).
3. Total District Expenses, based on full accrual accounting (eg, including depreciation expense as opposed to one-time capital outlays and entries related to Net Pension and OPEB expense) were \$21,467,026, or \$355,079 (2%) below the prior year. This decline is largely driven by operational changes which are noted below:
- a. Salaries & Benefits expenses totaled \$11,859,571, which is \$10,949 above the prior year (essentially unchanged, though several components had offsetting impacts, as outlined below). The impact of the District's October 2020 organizational changes was realized over the course of the entire fiscal year versus 8 months in the prior year, and the impact of the District's June, 2021 pension obligation bonds (POBs) on the District's ACERA pension-related employer contributions began to be realized in September, 2021. As outlined below, the 10 months of reduced pension fund contributions was offset by the onset of debt service (Services and Supplies) related to the bonds. Also of note is the decline in unemployment expenses from the prior year: the District's self-insured approach resulted in a spike to \$404,991 in unemployment expense in FY20-21 as the COVID-driven staffing reductions took effect, while in FY21-22 these costs were reduced to \$0. Given the above favorable expense impacts, the District was able to pursue its focus on adding service delivery resources, largely in the form of part-time non-benefited staff to support its enhanced program and services offerings, as spending for these staff members increased from \$629,067 in the prior year to \$1,536,201 in FY21-22. The District also provided a 2% COLA in July, 2021 (\$225k impact) after having suspended COLAs in the prior year, and step increases, which had been on hold in the prior year, were reinstated in January, 2022.

- b. Services and Supplies expenses amounted to \$7,047,126, up \$1,813,988 or 35%, versus the prior year. The main driver of the year-over-year increase in these expenses was the onset of debt service related to the District's POBs, which amounted to \$920,948 (\$660,000 in principal and \$260,948 in interest). While the District's water use was carefully managed to control costs while maintaining the health of its sports fields and parks, price increases drove a \$298,882 increase in water expenses. With respect to electricity and gas, the combination of a return to District offices for many staff combined with price increases to cause an increase of \$169,674 in these expenses versus the prior year. One area where spending had been delayed in the prior year where safety concerns were not evident was Maintenance of Structures and Grounds. In FY21-22 spending was allowed to proceed on items that had been put on hold in the prior year, the result being an increase of \$200,392 or 37%. Two items of note that resulted in expense reductions versus prior year are election fees, which are included in Program Services and Supplies and that amounted to \$208,000 in the prior fiscal year and \$0 in FY21-22, and professional services, which declined by \$200,038 or 24% versus prior year, when the District incurred \$263,750 in cost of issuance expenses related to the POBs.

CAPITAL ASSETS

As of June 30, 2022, the District had \$67,785,992 in Capital Assets net of depreciation, down \$1,683,370, or 2%, versus prior year as the District's capital spend in FY21-22 of \$2,205,787 was outweighed by incremental depreciation of \$3,889,157. As highlighted above, the value of the District's Land assets as of June 30, 2021 is now restated following a reduction of \$19,304,517 associated with 31 properties that were erroneously reflected on the District's balance sheet. Of these properties, only one showed an acquisition date more recent than 2001 (Cayetano Park, valued at \$7.0 million). All but 2 properties, whose total value is \$87,922, are owned by the City of Livermore (but operated by the District). Staff research to prove ownership status for each Land entry in its balance sheet involved review of related agreements and other documentation in support of fixed asset entries as well as research of ownership designations as reflected in data housed with the County of Alameda's Assessor's office. One item remains to be concluded with the County, which has not reflected LARPD's ownership of its Bruno Canziani property, though the District asked for, and obtained, a note from Signature Properties confirming their dedication of the land to us in 2005 (consistent with our agreement with them and the City). The County has copies of the Canziani documentation.

The following table illustrates changes from the prior, restated balances:

	June 30, 2022	As restated June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Land	\$ 33,513,302	\$ 33,513,302	\$ -	0.00%
Construction in Progress	2,107,138	346,937	1,760,201	507.35%
Depreciable Assets	103,950,997	103,505,411	445,586	0.43%
Capital Asset at Cost	139,571,437	137,365,650	2,205,787	1.61%
Less Accumulated Depreciation	(71,785,445)	(67,896,288)	(3,889,157)	5.73%
Capital Assets, Net	<u>\$ 67,785,992</u>	<u>\$ 69,469,362</u>	<u>\$ (1,683,370)</u>	<u>-2.42%</u>

1. Construction in Progress, which is comprised of Capital Improvement Program (CIP) projects not yet completed by June 30, 2021, totals \$2,107,140 as of June 30, 2022, and includes \$1,487,849 for two new modular classrooms for the ESS program at Joe Mitchell School that were completed in FY22-23, and \$458,787 for the Trevarno Road Sewer/Water project, whose connections to the two District buildings on that road will be completed in 2023). Other in-progress projects include the Rodeo Stadium Infrastructure improvements (\$51,735, will be completed in FY22-23), and the Patterson Ranch Trail (\$72,505, project plans are currently under review), while work began on the Sunken Gardens Pump Track at \$36,265. At \$346,937, the prior year's Construction in Progress reflects relatively few projects in progress as of June 30, 2021, all three of which remained in progress as of June 30, 2022: Joe Mitchell buildings (\$164,939), Rodeo Stadium Infrastructure improvements (\$44,851), and the Patterson Ranch Trail (\$72,505).

2. Depreciable Assets increased by \$445,586. Asset additions include \$207,350 for May Nissen pool resurfacing, \$116,165 for the Tex Spruiell Park path renovation, and a total \$101,740 for three court improvements (\$22,852 to resurface the May Nissen basketball court, \$45,391 to resurface and restripe the May Nissen tennis court, and \$33,497 to add pickleball striping to the courts at Jack Williams park. Finally, \$20,331 of equipment assets were acquired in FY21-22 (a trailer for Parks and an IT server upgrade).

BUDGETARY PROCESS

In its commitment to fiscal responsibility, the District adopts an annual operating budget that reflects an activity-based budgeting approach that is applied to all elements of the District's operating plan for the upcoming fiscal year, and a multi-year Capital Improvement Program (CIP) for capital projects that are prioritized by the District's Board of Directors. At mid-year, the District revisits both its Operating and CIP budgets to reflect updated information and modifications to plans relative to what had been reflected in the original budgets that were created prior to the onset of the fiscal year.

REQUESTS FOR FINANCIAL INFORMATION

This financial report provides the public and business associates with a general overview of District finances and demonstrates the District's fiscal accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Business Services Manager:

Jeffrey Schneider, Business Services Manager
Livermore Area Recreation & Park District
4444 East Avenue
Livermore, CA 94550
(925) 373-5716
jschneider@larpd.org

LIVERMORE AREA RECREATION AND PARK DISTRICT
SUMMARY OF AUDIT RESULTS
FISCAL YEAR END

Presented by

Jesse Deol CPA, ARM, Partner



Agenda

- Communications with Those Charged with Governance
- June 30, 2022, Livermore Area Recreation and Park District (LARPD) Financial Information and Auditor's Report
- Independent Auditor's Report On Internal Control And Compliance



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE



SCOPE OF ENGAGEMENT

- Financial Audit
- Report on Internal Control and Compliance
- Report to Those Charged With Governance



Professional standards require that we provide you with information related to our audit of LARPD. This information is summarized as follows:

- Responsibilities and Opinion
 - Financial statements are the responsibility of management
 - Our responsibility is to express an audit opinion
 - We issued an unmodified opinion (the best an auditor can give)



Planning and Communication

- Worked closely with Jeffrey Schneider, Business Services Manager, and Julie Dreher, Finance Officer.
 - Preliminary questions and opinions
 - Ongoing accounting and allocation issues
 - Compliance



REPORT TO YOU - INTERACTIONS WITH MANAGEMENT



Management Consultations
with Other Independent
Accountants:

✓ None



Disagreements with
Management of Difficulties
Encountered:

✓ None



Management
Representations:

✓ Received

REPORT TO YOU

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

- Significant Accounting Policies and Changes in Those Policies - No changes
- Management Judgments and Accounting Estimates
 - Collectability of receivables
 - Net Pension and OPEB liabilities



AUDIT PROCEDURES

- An Audit is more than just assurance regarding the fairness of presenting financial statements. An Audit involves gaining an understanding of the organization's systems and controls.
 - Understanding – systems, policies and procedures
 - Tests of control
 - Gathering other audit evidence, review of details, performing test calculations.
 - Review of accounting methods and reporting

RESULTS OF THE AUDIT

Consideration Area	Result
Planned Scope and Timing	Staff availability during the agreed upon field work dates; additional procedures and consultation necessary for capital assets
Findings Identified in Performing the Audit	None
Significant Adjustments or Disclosures Not Reflected in the Financial Statements	None

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

- Pages 1-3 of the Audited Financial Statements
- Unmodified Opinion (Page 1) – the best opinion that we can provide



STATEMENT OF NET POSITION

Primary Drivers:

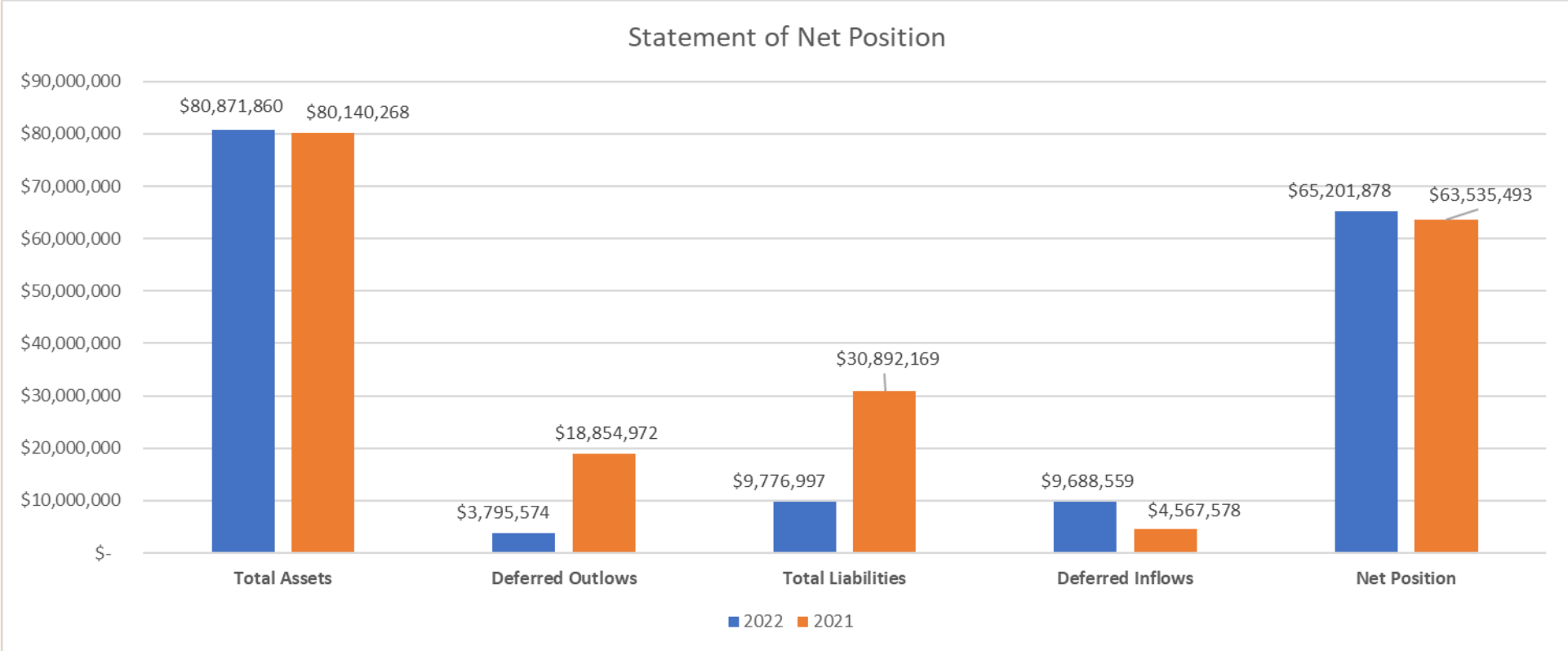
↑ Total assets up \$731K

↓ Deferred outflows down \$15M

↓ Total Liabilities down \$21M

↑ Deferred inflows up by \$5M

↑ Net position is down by \$1.7M



STATEMENT OF ACTIVITIES

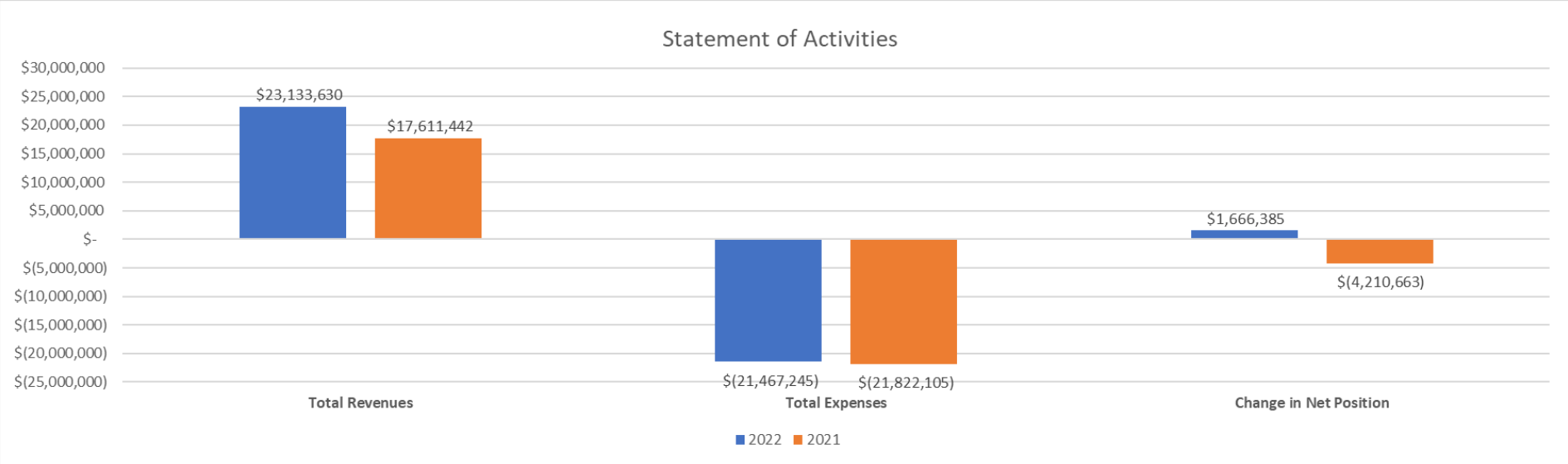
Primary Drivers:

↑ Revenue up by \$5.5M

↓ Expenses down by \$354K

↑ Total change in Net Position up by \$5.8M

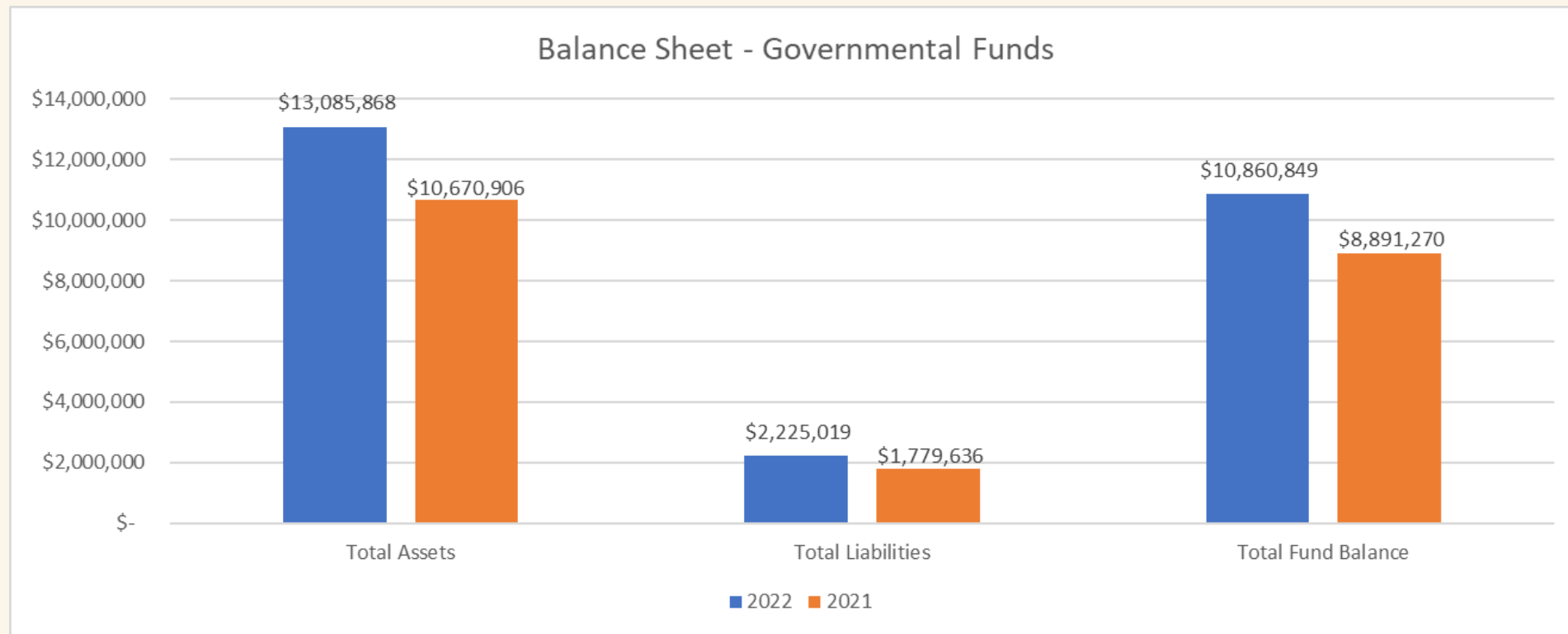
Prior year restatement \$19M



BALANCE SHEET— GOVERNMENTAL FUNDS

Primary Drivers:

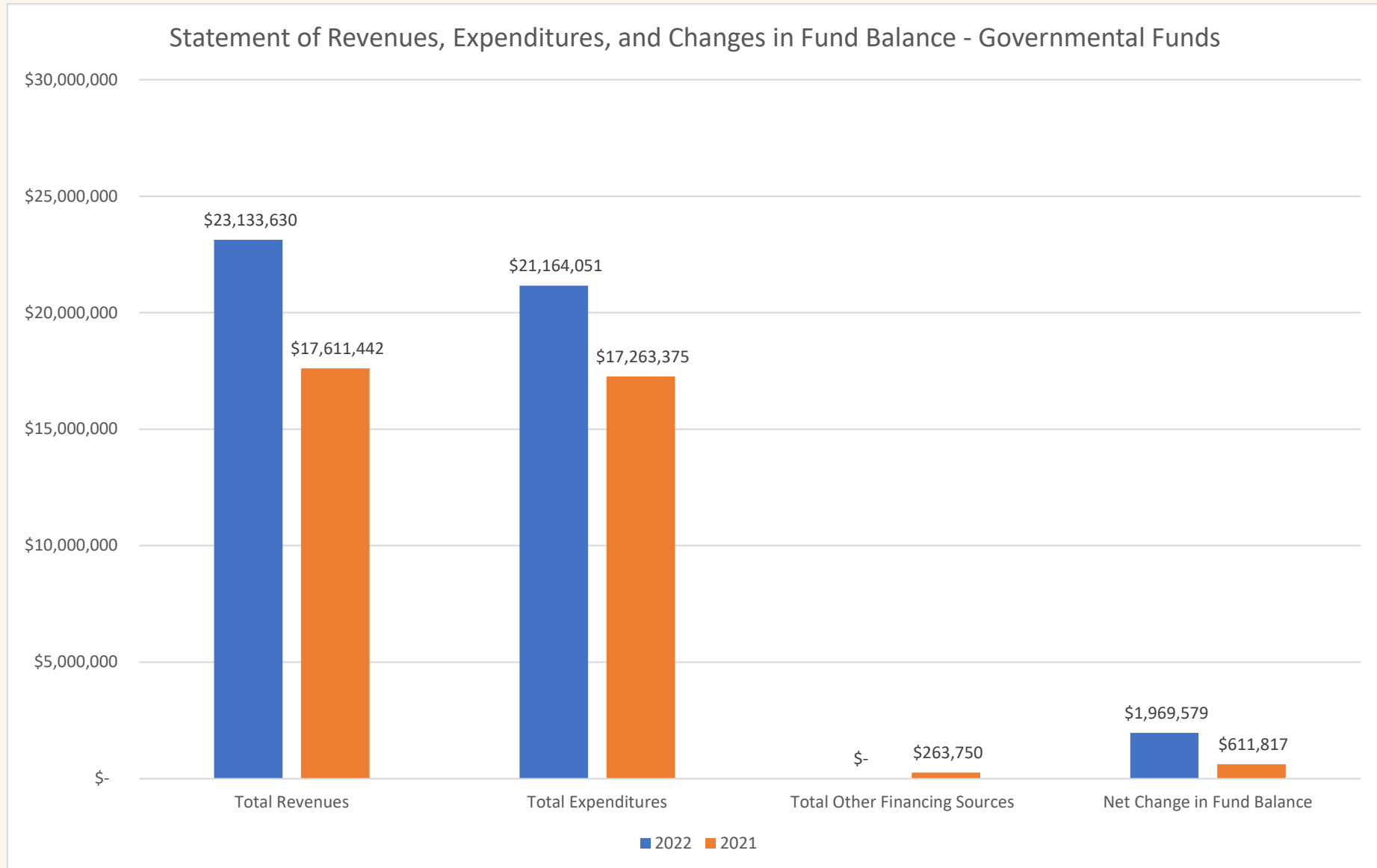
- ↑ Total assets up by \$2.4M
- ↑ Total liabilities up by \$445K
- ↑ Total Fund Balance up by \$1.9M



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS

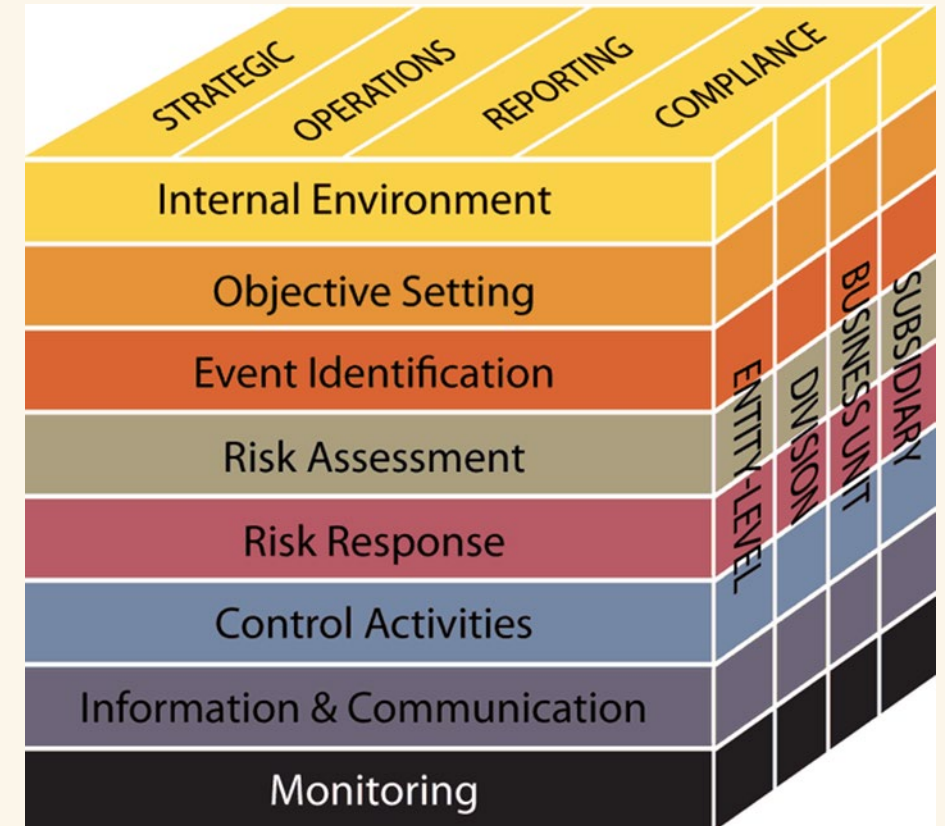
Primary Drivers:

- ↑ Total revenues up by \$5.5M
- ↑ Total expenditures up by \$3.9M
- ↓ Total other financing sources down by \$263K
- ↑ Net change in fund balance up by \$1.4M



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

- No Significant Deficiencies identified
- No Material Weaknesses identified
- No instances of noncompliance identified



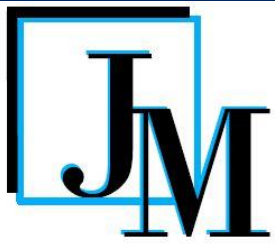


**Thank you to the LARPD staff
for the partnership
in completing this engagement.**

QUESTIONS?

Jesse Deol CPA, ARM, Partner





Attachment D

LIVERMORE AREA RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3
SACRAMENTO, CA

(916) 993-9494
(916) 993-9489 FAX
WWW.JPMCPA.COM

LIVERMORE AREA RECREATION AND PARK DISTRICT

JUNE 30, 2022

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Maryalice Summers Faltings	Chair	2022
James Boswell	Vice Chair	2024
Philip Pierpont	Director	2022
David Furst	Director	2022
Jan Palajac	Director	2024

* * * *

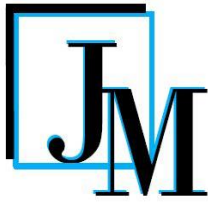
General Manager
Mathew Fuzie

LIVERMORE AREA RECREATION AND PARK DISTRICT

JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Notes to the Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	45
Schedule of District’s Proportionate Share of Net OPEB Liability	46
Schedule of Proportionate Share of Net Pension Liability	47
Schedule of Pension Contributions	47
Notes to Required Supplementary Information	48
OTHER INDEPENDENT AUDITOR’S REPORT	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	49



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the Statement of Net Position of Livermore Area Recreation and Park District (the District), as of and for the fiscal year ended June 30, 2022, and the related Statements of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and notes to the financial statements, which collectively comprise the Livermore Area Recreation and Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Livermore Area Recreation and Park District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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.

Emphasis of Matter

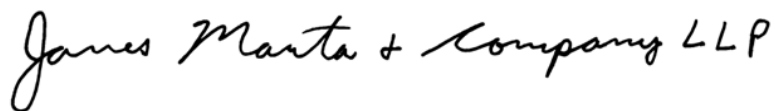
As discussed in Note 1S to the financial statements, the prior year net position has been restated to reflect an adjustment to capital assets that was not reflected in the financial statements for the year ended June 30, 2021. The nature and effect of these restatements are further described in Note 1S. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of OPEB Contributions, Schedule of Changes in the District’s Net OPEB Liability and Related Ratios, Schedule of the District’s Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions information on 46-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 on our consideration of District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District’s internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

LIVERMORE AREA RECREATION & PARK DISTRICT Management's Discussion and Analysis Year Ended June 30, 2022

Livermore Area Recreation & Park District's annual financial report includes management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022.

USING THIS ANNUAL REPORT

Management's Discussion and Analysis is meant to complement the Independent Auditor's Report. Together, these schedules and notes provide a view of the District's financial health and the results of its operations for the year-ended June 30, 2022.

FINANCIAL HIGHLIGHTS

While the Auditor's report reflects the use of full accrual accounting, the District's regular budget and actual reporting to its Board is based on general fund accounting, though we isolate Capital Improvement Program (CIP) related income (AB1600 developer fees) and spending from on-going operations, as well as one-time funding from other sources, such as the proceeds from the June, 2021 issuance of Pension Obligation Bonds (POBs), in our regular financial reviews. In reviewing results vs Budget, this narrative will focus on actual results versus the Final Budget, approved mid-year.

1. The most prominent element of this year's report concerns the restatement of Capital Assets that followed the District's internal audit of its fixed asset entries. While no issues were identified with Buildings, Fixtures, and Equipment, material errors were found in Land assets reported in FY14-15 and prior (all but one entry dates back to 2001 and prior): thirty-one (31) instances of land operated by the District but leased from others (in all but two instances from the City of Livermore) had been included in prior period reporting of Land assets on the District's balance sheet. An adjustment of \$19,304,517 to reduce the District's Net Capital Assets is reflected in the attached financial schedules. Staff research to prove ownership status for each Land entry in its balance sheet involved review of related agreements and other documentation in support of fixed asset entries as well as research of ownership designations as reflected in data housed with the County of Alameda's Assessor's office. One item remains to be concluded with the County, which has not reflected LARPD's ownership of its Bruno Canziani property, though the District asked for, and obtained, a note from Signature Properties (with whom the County still assigns ownership though they've never been assessed property taxes) confirming their dedication of the land to us in 2005 (consistent with our agreement with them and the City). The County has copies of the Canziani documentation and a change in their database to reflect the District as its proper owner is anticipated.
2. A significantly favorable result is evidenced in the District's net change in its General Fund balance. Considering operating results, CA Covid Relief funds, and Capital-related inflows (AB-1600 funding) and outflows, the net change in the General Fund in FY21-22 is \$1,969,798, which is \$445,042, or 29%, better than the Final Budget of \$1,524,756. Relative to the Covid-impacted prior year, when the net change in the General Fund was \$611,817, this year's result is \$1,357,981, or 222% better.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- a. Operating results (revenues less operating expenses) prior to Capital Equipment, CIP income and outlays, and funds from the California Covid Relief Fund, are \$1,595,094 (\$318,213, or better than the Final Budget of \$1,276,881), and \$1,219,593, or 325% better than the prior year.
- i. The Statement of Activities, below, highlights the District's successful return to "normal" operations following the pandemic: a 2% reduction in program (operating) expenses versus the prior year occurred while Charges for Services (program revenues) grew 92%. The District clearly emerged from the constrained pandemic-driven environment prepared to provide services to the public in an innovative and efficient manner.
 - ii. The favorable Operating Contribution variance versus Budget of \$318,212 is primarily due to favorable variances in tax revenues and earned income of \$131,464 and \$118,911 respectively, with operating expenditures accounting for the remaining favorable variance of \$67,837.
 - iii. Operating Expenditures for FY21-22 reflect the onset of debt service payments associated with the June, 2021 issuance of Pension Obligation Bonds (POB), with a total of \$920,948 in outlays in FY21-22 (\$660,000 in principal and \$260,948 in interest). Offsetting the POB debt service are savings of ~\$700,000 from the District's reduced ACERA retirement contributions (10 months of savings beginning September, 2021) that resulted from the POB-based pay-down of the District's Unfunded Accrued Actuarial Liability (UAAL) with ACERA.
 - iv. Operating revenue from services and property/parcel taxes was \$20,501,791, or \$250,375 (1.2%) above the Final FY21-22 Budget of \$20,251,416. Revenue from programs and services of \$6,645,878 was \$118,911, or 1.8% favorable versus the Final Budget, and, significantly (\$2,431,328, or 58%) above the COVID-impacted FY20-21 results, a reflection of the District's innovative and thoughtful approach to revitalizing services that had been impacted by the pandemic. Tax revenues of \$13,855,913, are \$131,464, or 1%, above the Final Budget, and \$613,202, or 4.6% above FY20-21 results.
 - v. Operating expense, excluding capital equipment and CIP, of \$18,906,697 is \$67,838 (0.4%) below the Final Budget, despite the aforementioned net impact of a full year of POB debt service versus 10 months of related ACERA contribution reductions. The District's spending on salary and benefits and services and supplies was prudent and largely in line with Budget.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- b. The net of Capital Development Revenues (\$2,631,839) and Total Capital Project spend (Equipment plus CIP) of \$2,257,135 is \$374,704 and reflects the following:
- i. \$1,223,460 of funds received from the State of California's COVID Relief Fund are reflected in the Capital Development Revenue line, which is not offset by specific project spend.
 - ii. Offsetting the COVID Revenue inflow is significant CIP spending of \$812,038 from the General Fund (projects that did not qualify for AB1600 developer fee revenues) for projects including Trevarno Sewer (\$458,787), Tex Spruiell Path Renovation (\$116,165), May Nissen Pool Resurfacing (\$207,350), and a few modest projects totaling \$29,736.
 - iii. Capital Development Revenues are \$865,994 below (unfavorable versus) the Final FY21-22 Budget, largely because AB1600 developer fee funding of \$921k for three projects that were budgeted but not completed in FY21-22 was not received (\$817k pump track, \$60k for a shade structure, and \$44k for fixtures at the Patterson Ranch Trail project).
 - iv. After having been largely curtailed in FY20-21 due to the pandemic, Capital spending, largely CIP, amounted to \$2,257,135 in FY21-22. Project outlays in FY21-22 included \$1,332,910 for two modular offices for youth services at Joe Mitchell school, \$458,787 for the Trevarno Road Sewer project (which did not include costs to complete the final connections to the two District building that are included in the project), \$207,350 for the resurfacing of the May Nissen Pool, \$116,165 for the refurbishment of the paved pathway at Tex Spruiell Park, and a variety of smaller projects totaling \$141,923. Of the aforementioned projects specifically listed above, only the Mitchell School project relied on AB1600 developer fees as the rest required the use of General Funds.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT

The financial statements and related notes contained herein are based upon full accrual accounting methods that are consistent with Generally Accepted Accounting Principles (GAAP).

- The Statement of Net Position outlines the difference between the District’s assets and liabilities, and in doing so provides the basis for evaluating the capital structure of the District, its liquidity and financial flexibility.
- The Statement of Activities reflects all of the fiscal year’s revenues, including those that are related to capital contributions (largely AB1600 developer fees), and expenses, including depreciation.

Statement of Net Position

	June 30, 2022	As restated June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Current Assets	\$ 13,085,868	\$ 10,670,906	\$ 2,414,962	23%
Capital Assets, Net	67,785,992	69,469,362	(1,683,370)	-2%
Total Assets	<u>80,871,860</u>	<u>80,140,268</u>	<u>731,592</u>	<u>1%</u>
Deferred Outflows of Resources	<u>3,795,574</u>	<u>18,854,972</u>	<u>(15,059,398)</u>	<u>-80%</u>
Current Liabilities	3,040,167	1,781,006	1,259,161	71%
Long-Term Liabilities	6,736,830	29,111,163	(22,374,333)	-77%
Total Liabilities	<u>9,776,997</u>	<u>30,892,169</u>	<u>(21,115,172)</u>	<u>-68%</u>
Deferred Inflows of Resources	<u>9,688,559</u>	<u>4,567,578</u>	<u>5,120,981</u>	<u>112%</u>
Net Investment in Capital Assets	66,524,944	68,050,683	(1,525,739)	-2%
Restricted Net Position	407,173	390,900	16,273	4%
Unrestricted Net Position	<u>(1,730,239)</u>	<u>(4,906,090)</u>	<u>3,175,851</u>	<u>-65%</u>
Total Net Position	<u>\$ 65,201,878</u>	<u>\$ 63,535,493</u>	<u>\$ 1,666,385</u>	<u>3%</u>

1. A significant element of the District’s Statement of Net Position is the \$19,304,517 reduction / prior-period restatement of the Land component of the District’s Net Capital Assets for the year-ended June 30, 2021. Net Capital Assets now total \$67,785,992, with Land now amounting to \$33,513,302, Construction in Progress totaling \$2,107,138 (CIP projects not yet completed by June 30, 2021, the largest being \$1,487,849 for two new modular classrooms for the ESS program at Joe Michell School that were completed in FY22-23, and \$458,787 for the Trevarno Road Sewer/Water project, whose connections to the two District buildings on that road will be completed in 2023), and \$32,165,551 in the form of net depreciable capital assets (facilities, recreation / playground fixtures, vehicles, and equipment, with the largest including the Robert Livermore Community Center complex that had a net book value of \$11,656,295 as of June 30, 2021).

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

2. The District's Current Assets as of June 30, 2022 total \$13,085,868 and consist primarily of Cash balances (\$11,945,413), Accounts Receivable (\$525,860), and Accrued Revenue (earned but not received, largely summer registration fees) of \$604,730.
3. The other noteworthy component of this schedule is the change in Long-term Liabilities, from \$29,111,163 to \$6,736,830. As of June, 2021, the District's Long-term liabilities included \$12,875,000 for its POBs, \$14,126,234 for its ACERA Pension liability (which did not reflect the ultimate impact of the POB funding on this liability), \$32,184 for OPEB liability, \$659,066 of compensated balances (vacation and compensated time), and \$1,418,679 for its PG&E on-bill financing (at 0%) of its FY19-20 project to drive energy efficiencies at its Robert Livermore Community Center (RLCC). As of June 30, 2022, the list of long-term liabilities has not changed, but the specific balances have, particularly those related to the ACERA Pension and OPEB liabilities: largely as a result of investment performance in 2021 that far outweighed ACERA's expectations, and following on the POBs' elimination of ~95% of the then-current UAAL as of June 30, 2021, the District's net Pension Liability and Other Post-Employment Benefits (OPEB) liabilities became negative at (\$4,882,346) and (\$1,801,299) respectively. The District expects these Pension-related balances to increase in FY22-23 as the impact of ACERA's 2022's negative investment performance is considered. The remaining POB balance as of June 30, 2022 is \$12,215,000 (\$11,507,369 long-term, \$550,000 is due within one year and thus current) , and the PG&E on-bill-financing balance is now \$1,261,048 (similarly, \$1,103,417 is long-term and \$157,631 is current). Finally, the remainder of the District's long-term liabilities is associated with the \$652,058 of compensated balances.
4. The District's current liabilities of \$3,039,948 include: \$785,437 in accounts payable, \$707,631 for debt obligations due within one year (\$550,000 for the POBs and \$157,631 for the PG&E on-bill financing), \$578,681 in deferred revenue (receipts for classes and events that will occur in the following fiscal year), \$599,335 related to payroll (\$386,470 associated with the last pay period of the year, which is not paid until the first month of the following fiscal year and \$212,865 for the portion of the first pay period ending in the following fiscal year that fell in FY21-22), \$107,700 in accrued interest on the POBs, \$114,982 in unemployment payable, and \$146,182 in miscellaneous liabilities (security deposits, retirement payable, miscellaneous vendor accruals, etc..).
5. Deferred Outflows and Inflows: Deferred outflows include, among other components, contributions subsequent to the ACERA measurement date of December 31, 2020 for FY20-21 and December 31, 2021 for FY21-22. In the prior fiscal year, deferred outflows were greatly inflated by the issuance of Pension Obligation Bonds issued in June, 2021, of which \$12,611,250 was used to pay off approximately 95% of the then-current Unfunded Accrued Actuarial Liability (UAAL). As the District had no such activity that would impact the deferred outflows for FY21-22, this component of the District's Net Position declined from \$18,854,972 in the prior year to \$3,795,574 for FY21-22. Deferred inflows grew from \$4,567,578 in the prior year to \$9,688,559 for FY21-22, driven largely by the excess of actual over expected earnings of ACERA's investment activities, accounting for \$3,954,693 of the \$5,120,981 year-over-year increase.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Statement of Activities

	June 30, 2022	As restated June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for services	\$ 5,756,037	\$ 3,002,406	\$ 2,753,631	92%
Operating grants and contributions	889,841	1,212,144	(322,303)	-27%
Capital grants and contributions	2,631,839	154,181	2,477,658	1607%
Total Program Revenues	<u>9,277,717</u>	<u>4,368,731</u>	<u>4,908,986</u>	<u>112%</u>
General Revenues:				
Property taxes	13,855,913	13,242,711	613,202	5%
Miscellaneous	-	-	-	N/A
Total General Revenues	<u>13,855,913</u>	<u>13,242,711</u>	<u>613,202</u>	<u>5%</u>
Total Revenues	<u>23,133,630</u>	<u>17,611,442</u>	<u>5,522,188</u>	<u>31%</u>
Program Expenses:				
Parks and recreation	21,467,245	21,822,105	(354,860)	-2%
Change in Net Position	1,666,385	(4,210,663)	5,877,048	-140%
Net Position, Beginning, as originally reported	<u>63,535,493</u>	<u>87,050,673</u>	<u>(23,515,180)</u>	<u>-27%</u>
Prior period adjustment (Note 1S)	-	(19,304,517)	19,304,517	-100%
Net Position, Beginning, as restated	<u>63,535,493</u>	<u>67,746,156</u>	<u>(4,210,663)</u>	<u>-6%</u>
Net Position, Ending	<u>\$ 65,201,878</u>	<u>\$ 63,535,493</u>	<u>\$ 1,666,385</u>	<u>3%</u>

1. The highlight here is how the District’s Programs and Services performed relative to the prior, COVID-influenced, year: while controlling expenses (2% reduction in program (operating) expenses versus the prior year), the District’s Charges for Services (program revenues) grew 92%. The District clearly emerged from the constrained pandemic-dominated environment prepared to expand its service offerings in an innovative and efficient manner.
2. Total District Revenues, including Capital Grants and Contributions, which is primarily associated with AB-1600 developer fees in normal years but in FY21-22 includes \$1,223,460 in State of California COVID Relief Funds, grew to \$23,133,630, up \$5,522,188 or 31% versus the previous year. Leading the increase versus FY20-21 are Program revenues (Charges for Services) which grew by 92%, or \$2,753,631, and increased CIP Activity and related AB1600 funding (\$1,406,204) and the aforementioned COVID relief funds (\$1,223,458), the latter two of which combined to drive an increase of \$2,477,658 in Capital Grants and Contributions.
 - a. Charges for Services (Program Revenues) bounced back dramatically as constraints driven by the COVID-19 pandemic eased. While staff’s efforts to keep essential services (for example, youth and senior services, open space, etc.) were critical to the health of the LARPD community in the prior year, as the County’s health mandates eased, more opportunities became available to provide programming and services in FY21-22, and staff’s ability to recognize and act on those opportunities resulted in Services revenues of \$5,756,037, which are \$2,753,631 or 92% above the prior year.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- b. Operating Grants and Contributions declined by \$322,303 as an increase in Child Care Links (now known as Hively) funding for financial assistance for childcare of \$225,838 was offset by the loss of the District's contract with Kindango which provided funding for after school care and which amounted to \$607,764 in the prior year. Aside from youth services grants, this line item includes \$200,000 in funding from East Bay Regional Park District to contribute to operating support of our open space parks.
 - c. Capital Contributions and Grants in normal years is primarily associated with AB-1600 developer fees (\$1,406,204) used to finance the majority of CIP project activity for projects that increase park/facility capacity, but in FY21-22 this line item also includes \$1,223,460 in State of California COVID Relief funds. Totaling \$2,631,839, these revenues amounted to an increase of \$2,477,658 versus the prior year when CIP activity was severely constrained by the pandemic.
 - d. Operating Revenues from Property and Parcel Taxes reached \$13,855,913, an increase of 5% versus prior year, with the majority of the growth coming from property taxes (the District's parcel taxes are constrained by the measure that established it at 2% growth per equivalent dwelling unit (EDU, essentially a single family dwelling) per year).
3. Total District Expenses, based on full accrual accounting (eg, including depreciation expense as opposed to one-time capital outlays and entries related to Net Pension and OPEB expense) were \$21,467,026, or \$355,079 (2%) below the prior year. This decline is largely driven by operational changes which are noted below:
- a. Salaries & Benefits expenses totaled \$11,859,790, which is \$11,168 above the prior year (essentially unchanged, though several components had offsetting impacts, as outlined below). The impact of the District's October 2020 organizational changes was realized over the course of the entire fiscal year versus 8 months in the prior year, and the impact of the District's June, 2021 pension obligation bonds (POBs) on the District's ACERA pension-related employer contributions began to be realized in September, 2021. As outlined below, the 10 months of reduced pension fund contributions was offset by the onset of debt service (Services and Supplies) related to the bonds. Also of note is the decline in unemployment expenses from the prior year: the District's self-insured approach resulted in a spike to \$404,991 in unemployment expense in FY20-21 as the COVID-driven staffing reductions took effect, while in FY21-22 these costs were reduced to \$0. Given the above favorable expense impacts, the District was able to pursue its focus on adding service delivery resources, largely in the form of part-time non-benefited staff to support its enhanced program and services offerings, as spending for these staff members increased from \$629,067 in the prior year to \$1,536,201 in FY21-22. The District also provided a 2% COLA in July, 2021 (\$225k impact) after having suspended COLAs in the prior year, and step increases, which had been on hold in the prior year, were reinstated in January, 2022.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

b. Services and Supply expenses amounted to \$7,047,126, up \$1,813,988 or 35%, versus the prior year. The main driver of the year-over-year increase in these expenses was the onset of debt service related to the District's POBs, which amounted to \$920,948 (\$660,000 in principal and \$260,948 in interest). While the District's water use was carefully managed to control costs while maintaining the health of its sports fields and parks, price increases drove a \$298,882 increase in water expenses. With respect to electricity and gas, the combination of a return to District offices for many staff combined with price increases to cause an increase of \$169,674 in these expenses versus the prior year. One area where spending had been delayed in the prior year where safety concerns were not evident was Maintenance of Structures and Grounds. In FY21-22 spending was allowed to proceed on items that had been put on hold in the prior year, the result being an increase of \$200,392 or 37%. Two items of note that resulted in expense reductions versus prior year are election fees, which are included in Program Services and Supplies and that amounted to \$208,000 in the prior fiscal year and \$0 in FY21-22, and professional services, which declined by \$200,038 or 24% versus prior year, when the District incurred \$263,750 in cost of issuance expenses related to the POBs.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2022

CAPITAL ASSETS

As of June 30, 2022, the District had \$67,785,992 in Capital Assets net of depreciation, down \$1,683,370, or 2%, versus prior year as the District’s capital spend in FY21-22 of \$2,205,787 was outweighed by incremental depreciation of \$3,889,157. As highlighted above, the value of the District’s Land assets as of June 30, 2021 is now restated following a reduction of \$19,304,517 associated with 31 properties that were erroneously reflected on the District’s balance sheet. Of these properties, only one showed an acquisition date more recent than 2001 (Cayetano Park, valued at \$7.0 million). All but 2 properties, whose total value is \$87,922, are owned by the City of Livermore (but operated by the District). Staff research to prove ownership status for each Land entry in its balance sheet involved review of related agreements and other documentation in support of fixed asset entries as well as research of ownership designations as reflected in data housed with the County of Alameda’s Assessor’s office. One item remains to be concluded with the County, which has not reflected LARPD’s ownership of its Bruno Canziani property, though the District asked for, and obtained, a note from Signature Properties confirming their dedication of the land to us in 2005 (consistent with our agreement with them and the City). The County has copies of the Canziani documentation. The following table illustrates changes from the prior, restated balances:

	June 30, 2022	As restated June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Land	\$ 33,513,302	\$ 33,513,302	\$ -	0.00%
Construction in Progress	2,107,138	346,937	1,760,201	507.35%
Depreciable Assets	103,950,997	103,505,411	445,586	0.43%
Capital Asset at Cost	139,571,437	137,365,650	2,205,787	1.61%
Less Accumulated Depreciation	(71,785,445)	(67,896,288)	(3,889,157)	5.73%
Capital Assets, Net	<u>\$ 67,785,992</u>	<u>\$ 69,469,362</u>	<u>\$ (1,683,370)</u>	<u>-2.42%</u>

1. Construction in Progress, which is comprised of Capital Improvement Program (CIP) projects not yet completed by June 30, 2021, totals \$2,107,140 as of June 30, 2022, and includes \$1,487,849 for two new modular classrooms for the ESS program at Joe Michell School that were completed in FY22-23, and \$458,787 for the Trevarno Road Sewer/Water project, whose connections to the two District buildings on that road will be completed in 2023). Other in-progress projects include the Rodeo Stadium Infrastructure improvements (\$51,735, will be completed in FY22-23), and the Patterson Ranch Trail (\$72,505, project plans are currently under review), while work began on the Sunken Gardens Pump Track at \$36,265. At \$346,937, the prior year’s Construction in Progress reflects relatively few projects in progress as of June 30, 2021, all three of which remained in progress as of June 30, 2022: Joe Michell buildings (\$164,939), Rodeo Stadium Infrastructure improvements (\$44,851), and the Patterson Ranch Trail (\$72,505).
2. Depreciable Assets increased by \$445,586. Asset additions include \$207,350 for May Nissen pool resurfacing, \$116,165 for the Tex Spruiell Park path renovation, and a total \$101,740 for three court improvements (\$22,852 to resurface the May Nissen basketball court, \$45,391 to resurface and restripe the May Nissen tennis court, and \$33,497 to add pickleball striping to the courts at Jack Williams park. Finally, \$20,331 of equipment assets were acquired in FY21-22 (a trailer for Parks and an IT server upgrade).

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

BUDGETARY PROCESS

In its commitment to fiscal responsibility, the District adopts an annual operating budget that reflects an activity-based budgeting approach that is applied to all elements of the District's operating plan for the upcoming fiscal year, and a multi-year Capital Improvement Program (CIP) for capital projects that are prioritized by the District's Board of Directors. At mid-year, the District revisits both its Operating and CIP budgets to reflect updated information and modifications to plans relative to what had been reflected in the original budgets that were created prior to the onset of the fiscal year.

REQUESTS FOR FINANCIAL INFORMATION

This financial report provides the public and business associates with a general overview of District finances and demonstrates the District's fiscal accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Business Services Manager:

Jeffrey Schneider, Business Services Manager
Livermore Area Recreation & Park District
4444 East Avenue
Livermore, CA 94550
(925) 373-5716
jschneider@larpd.org

BASIC FINANCIAL STATEMENTS

LIVERMORE AREA RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	
Available for operations	\$ 10,337,627
Petty cash	6,110
Available for restricted programs	1,601,676
Accounts receivable	1,130,590
Prepaid expenses	9,865
Capital assets, net of accumulated depreciation (Note 3)	<u>67,785,992</u>
Total Assets	<u>80,871,860</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (Note 5)	3,441,276
Deferred outflows related to OPEB (Note 6)	<u>354,298</u>
Total Deferred Outflows of Resources	<u>3,795,574</u>
LIABILITIES	
Accounts payable	893,173
Accrued salaries and wages	599,335
Accrued liabilities	261,347
Unearned revenue	578,681
Long-term liabilities:	
Due within one year	707,631
Due in more than one year	<u>6,736,830</u>
Total Liabilities	<u>9,776,997</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (Note 5)	6,941,401
Deferred inflows related to OPEB (Note 6)	2,499,313
Deferred gain on pension obligation bonds	<u>247,845</u>
Total Deferred Inflows of Resources	<u>9,688,559</u>
NET POSITION	
Net investment in capital assets	66,524,944
Restricted	407,173
Unrestricted	<u>(1,730,239)</u>
Total Net Position	<u>\$ 65,201,878</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges For</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Change in</u>
			<u>and Grants</u>	<u>and Grants</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
Parks and Recreation	\$ 21,467,245	\$ 5,756,037	\$ 889,841	\$ 2,631,839	\$ (12,189,528)
		General revenues:			
		Property taxes			13,855,913
		Total general revenues			13,855,913
		Change in net position			1,666,385
		Net position - July 1, 2021 as originally reported			82,840,010
		Prior period adjustment (Note 1S)			(19,304,517)
		Net position - July 1, 2021, as restated			\$ 63,535,493
		Net position - June 30, 2022			\$ 65,201,878

LIVERMORE AREA RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and investments (Note 2)	
Available for operations	\$ 10,337,627
Petty cash	6,110
Available for restricted programs	1,601,676
Accounts receivable	1,130,590
Prepaid expenses	9,865
Total Assets	<u>\$ 13,085,868</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 785,656
Accrued salaries and wages	599,335
Accrued liabilities	261,347
Unearned revenue	578,681
Total Liabilities	<u>2,225,019</u>
Fund Balances (Note 8):	
Nonspendable	9,865
Restricted	407,173
Committed	2,090,000
Assigned	1,500,000
Unassigned	6,853,811
Total Fund Balance	<u>10,860,849</u>
Total Liabilities and Fund Balance	<u>\$ 13,085,868</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Total fund balances - governmental funds		\$ 10,860,849
<p>Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:</p>		
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.</p>		
Deferred outflows of resources relating to pensions		3,441,276
Deferred inflows of resources relating to pensions		(6,941,401)
<p>Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.</p>		
Deferred outflows of resources relating to OPEB		354,298
Deferred inflows of resources relating to OPEB		(2,499,313)
<p>Unamortized costs: In governmental funds, debt issue costs and premiums are recognized in the period they are incurred. In the government-wide statements, debt issue costs and premiums are amortized over the life of the debt. Unamortized debt issue costs and premiums included in deferred inflows and outflows on the statement of net position are:</p>		
Deferred gain on pension obligation bonds		(247,845)
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamortized interest owing at the end of the period was:</p>		
		(107,517)
<p>Capital Assets: In governmental funds only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets at historical cost	139,571,437	
Accumulated depreciation	<u>(71,785,445)</u>	
Capital assets, net		67,785,992
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
PG&E on-bill financing		(1,261,048)
Pension obligation bonds		(12,215,000)
Net pension (liability) asset		4,882,346
Net OPEB (liability) asset		1,801,299
Compensated absences		<u>(652,058)</u>
Total net position - governmental activities		<u><u>\$ 65,201,878</u></u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>
REVENUES	
Taxes	\$ 13,855,913
Earned income	6,645,878
Capital development/California COVID relief fund	2,631,839
Total revenues	<u>23,133,630</u>
EXPENDITURES	
Salaries and employee benefits	11,859,790
Services and supplies	417,602
Maintenance	932,420
Utilities	2,147,267
Professional service	650,132
Communications	153,635
Transportation	108,624
Training & Conferences	13,260
District legal expense	61,000
Program services and supplies	64,495
Insurance	549,318
Instructor and sports officials	259,785
Rents and leases	431,434
Debt service	1,078,579
Field Trips & Events	24,958
Finance Charge and Interest	101,713
Licensing	20,313
Publications and Legal	3,446
Memberships	29,293
Miscellaneous	(148)
Total operating expenditures	<u>18,906,916</u>
Capital outlay	<u>2,257,135</u>
Total expenditures	<u>21,164,051</u>
Excess of revenues over expenditures	<u>1,969,579</u>
Net change in fund balance	1,969,579
Fund balance - July 1, 2021	<u>8,891,270</u>
Fund balance - June 30, 2022	<u>\$ 10,860,849</u>

LIVERMORE 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 JUNE 30, 2022

Net change in fund balances		\$ 1,969,579
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Acquisitions of capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 2,205,787	
Depreciation expense	<u>(3,889,157)</u>	(1,683,370)
<p>Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and earned was:</p>		
		7,008
<p>Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:</p>		
		817,631
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:</p>		
		(106,147)
<p>Amortization of deferred gain or loss from debt issuance: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt issuance, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt issuance, for the period is:</p>		
		15,905
<p>Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:</p>		
		157,379
<p>OPEB: In government funds, OPEB costs are recognized when employer contributions are made in the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:</p>		
		<u>488,400</u>
Change in net position of governmental activities		<u>\$ 1,666,385</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Livermore Area Recreation and Park District was organized in 1947 to provide parks and recreation for the incorporated and unincorporated areas of Livermore, California. An elected five-member Board of Directors who is served by a full-time General Manager and staff governs the District.

The financial statements of the Livermore Area Recreation and Park District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets, deferred outflow of resources and liabilities and deferred inflow of resources, with the difference between the two presented as net position. Net position is reported as one of three categories: net investment in capital asset; restricted or unrestricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

C. MEASUREMENT FOCUS AND 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 120 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions, such as property taxes, are recognized when received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. FUND ACCOUNTING

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

D. FUND ACCOUNTING (CONTINUED)

Governmental Fund

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of net position/balance sheet, the District considers all short-term highly liquid investments, including restricted assets, and amounts held with the fiscal agent to be cash and cash equivalents. Amounts held with the fiscal agent and investments held are available on demand to the District.

F. CAPITAL ASSETS

Capital assets, which can include property, facilities and equipment, are capitalized at total acquisition cost, provided such cost exceeds \$5,000 and the expected useful life of the asset is more than one year. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30
Machines and Equipment	10
Parks and Recreation Areas	10
Vehicles	5

G. ACCOUNTS RECEIVABLE

The District's receivables include amounts due from other governmental agencies and consists mostly of AB 1600 development impact fees held by the City of Livermore. Management has determined that the District's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

H. COMPENSATED ABSENCES

District employees are entitled to certain compensated absences based on the length of their employment, which will be paid to them upon separation from the District. Compensated absences accumulate and are accrued when they are earned and reported as a liability in the government-wide financial statements. The balance at June 30, 2022 was \$652,058.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

I. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively. See Note 8 for schedule of fund balances.

J. RESTRICTED NET POSITION

The government-wide statement of net position reports restricted net position at June 30, 2022 as \$407,173, which is restricted by the funding source for the programs indicated.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

K. PROPERTY TAXES

The District's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. The County Assessor is responsible for assessment of all taxable real property within Alameda County. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each unit its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year generally on November 1st and February 1st. The first installment is an estimated bill, and is approximately one-half of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and certificate to limit levy, if any and any changes from the prior year will be reflected in the second installment bill.

L. USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on management's informed estimates and judgments, with consideration given to materiality. Actual results could differ from those amounts.

M. RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements

N. 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 for which the District carries insurance as described in Note 9.

O. INCOME TAXES

The District is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

P. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the net position of the Livermore Area Recreation and Park District's Alameda County Employees' Retirement Association (ACERA) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by ACERA. 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.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Q. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the District's 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, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

R. DEFERRED INFLOWS AND OUTFLOWS

In addition to assets, the balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Consequently, deferred inflows of resources represent an acquisition of resources that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension and OPEB plans after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension and OPEB liabilities in the next year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and net pension and OPEB liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

As of June 30, 2022, the District had deferred outflows of \$3,795,574 and deferred inflows of \$9,688,559.

S. ERROR CORRECTION

The District discovered that the balance for capital assets, specifically in the category of land, was overstated by \$19,304,517 as previously reported. The overstatement was reported in the prior period resulting in the implementation of GASB, Statement, No. 100 to ensure proper presentation and restatement of prior period net position for the reporting period ending June 20, 2022.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

S. ERROR CORRECTION (continued)

The primary objective of GASB, Statement, No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

Beginning of year net position has been restated as follows:

Net position - July 1, 2021 as originally reported	82,840,010
Prior period adjustment (Note 1S)	(19,304,517)
Net position - July 1, 2021, as restated	<u>\$ 63,535,493</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

T. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District’s lease capitalization threshold is met, \$4,860,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2022, the District did not have any financial leases that met the threshold.

2. CASH AND INVESTMENTS

The District maintains commercial bank accounts and accounts with the Alameda County Treasurer.

The District’s cash balances at June 30, 2022:

Alameda County Treasurer - General	\$	9,820,128
US Bank - General Account		2,121,232
US Bank - Merchant Card Account		(2,057)
Petty Cash		6,110
Total Cash and Cash Equivalents	\$	<u>11,945,413</u>

Cash and investments are presented in three categories on the statement of net position at June 30, 2022:

<u>Cash and investments</u>		
Available for operations	\$	10,337,627
Petty cash		6,110
Available for restricted programs		1,601,676
Total Cash and investments	\$	<u>11,945,413</u>

Pooled Funds

The District maintains substantially all of its cash in the Alameda County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the deposits are maintained in a recognized pooled investment fund under the care of a third party and the share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

In accordance with applicable State laws, the Alameda County Treasurer may invest in derivative securities. However, at June 30, 2022, the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2. CASH AND INVESTMENTS (CONTINUED)

Deposits - Custodial Credit Risk

The carrying amount of the District's accounts with US Bank at June 30, 2022 was \$2,119,175 and the bank balance was \$2,322,653. Deposits held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All cash held by financial institutions at June 30, 2022 was fully insured or collateralized.

3. PROPERTY AND EQUIPMENT

Capital assets activity for the year ended June 30, 2022, was as follows:

	As Originally Reported Balance June 30, 2021	Priod Period Adjustment	Restated Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets, not being depreciated:						
Land	\$ 52,817,819	\$ (19,304,517)	\$ 33,513,302	\$ -	\$ -	\$ 33,513,302
Construction in progress	346,937	-	346,937	2,236,806	476,605	2,107,138
Total	<u>53,164,756</u>	<u>(19,304,517)</u>	<u>33,860,239</u>	<u>2,236,806</u>	<u>476,605</u>	<u>35,620,440</u>
Capital assets, being depreciated:						
Buildings	46,924,987	-	46,924,987	207,350	-	47,132,337
Park Improvements	53,112,702	-	53,112,702	217,905	-	53,330,607
Equipment	3,467,722	-	3,467,722	20,331	-	3,488,053
Total	<u>103,505,411</u>	<u>-</u>	<u>103,505,411</u>	<u>445,586</u>	<u>-</u>	<u>103,950,997</u>
Accumulated Depreciation						
Buildings	27,510,879	-	27,510,879	1,620,014	-	29,130,893
Park Improvements	37,404,185	-	37,404,185	2,011,728	-	39,415,913
Equipment	2,981,224	-	2,981,224	257,415	-	3,238,639
Total	<u>67,896,288</u>	<u>-</u>	<u>67,896,288</u>	<u>3,889,157</u>	<u>-</u>	<u>71,785,445</u>
Net Capital Assets being depreciated	<u>35,609,123</u>	<u>-</u>	<u>35,609,123</u>	<u>(3,443,571)</u>	<u>-</u>	<u>32,165,552</u>
Capital Assets, net	<u>\$ 88,773,879</u>	<u>\$ (19,304,517)</u>	<u>\$ 69,469,362</u>	<u>\$ (1,206,765)</u>	<u>\$ 476,605</u>	<u>\$ 67,785,992</u>

Depreciation expense of \$3,889,157 was all charged to the Parks and Recreation function.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

4. LONG- TERM LIABILITIES

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Net Pension Liability (Asset)	\$ 14,126,234	\$ -	\$19,008,580	\$ (4,882,346)	\$ -
Net OPEB Liability (Asset)	32,184	-	1,833,483	(1,801,299)	-
Pension Obligation Bonds	12,875,000	-	660,000	12,215,000	550,000
PG&E On-Bill Financing	1,418,679	-	157,631	1,261,048	157,631
Compensated Absences	659,066	-	7,008	652,058	-
Total	\$ 29,111,163	\$ -	\$21,666,702	\$ 7,444,461	\$ 707,631

Net Pension Liability

Net pension liability is accrued in accordance with the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Employee Retirement Systems and the related pension liabilities are discussed further in Note 5 to the basic financial statements.

Net OPEB Liability

Net OPEB liability is accrued in accordance with the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Other postemployment benefit plan and the related OPEB liability are discussed further in Note 6 to the basic financial statements.

PG&E On-Bill Financing

The District received an interest-free loan through PG&E in the amount of \$1,576,310 to finance an energy-efficient retrofit project. The loan calls for monthly payments of \$13,135.92 for 120 months beginning in January 2020. In May 2020, the District received a 6-month loan deferral until December 2020. Future loan payments are as follows:

Year Ended	Payments
June 30	
2022	\$ 157,631
2023	157,631
2024	157,631
2025	157,631
2026	157,631
2027-2030	630,524
Total	\$ 1,418,679

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

4. LONG- TERM LIABILITIES (CONTINUED)

Pension Obligation Bonds

In June 2021, the District issued Pension Obligation Bonds totaling \$12,875,000. The bonds were issued to refund certain obligations of the District owed to the Alameda County Employees’ Retirement Association (ACERA) with respect to pension benefits accruing with respect to current and former District employees and to pay costs of issuing the bonds. The serial bonds bear interest rates from 0.332% to 2.915% and are scheduled to mature through February 1, 2038. Future debt payments are as follows:

Year Ended	
June 30	Payments
2023	\$ 550,000
2024	550,000
2025	565,000
2026	720,000
2027	730,000
2028-2032	3,845,000
2033-2037	4,315,000
2038	940,000
Total	<u>\$ 12,215,000</u>

5. EMPLOYEE RETIREMENT SYSTEM

Plan Description

Plan Administration

The District contributes to the Alameda County Employees' Retirement Association (ACERA), a cost-sharing multiple employer, defined benefit, public employee retirement system. The system provides service retirement, disability, death, and survivor benefits to plan members and beneficiaries. The County of Alameda administers the Plan under provisions of the County Employees Retirement Law of 1937. Alameda County Employees' Retirement Association issues a separate annual comprehensive financial report. Copies of the annual financial report may be obtained by visiting their website at www.acera.org.

Benefits Provided

Membership for employees is effective on the first day of employee’s hire in an ACERA covered position. The first date of employment is the date of entry into ACERA membership. As of this date of entry, payroll deductions for retirement contributions begin and service credit for each hour of work is earned.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 4 and is subject to the provisions of California Public Employees’ Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members enrolled in Tiers 1 or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement service credit, or at age 70 regardless of service. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

The Plans’ provisions and benefits in effect at June 30, 2022, are summarized as follows:

General Tier	ACERA		
	1	3	4
		On or after	On or after
Hire date	Various	October 1, 2008	January 1, 2013
Benefit formula	2% @ 57	2.5% @ 55	2.5% @ 67
Benefit vesting schedule	5 yrs. of service	5 yrs. of service	5 yrs. of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	57	55	67
Monthly benefits, as a % of eligible compensation	varies	varies	varies
Required employee contribution rates	8.03% - 16.70%	10.01% - 18.87%	9.21%
Required employer contribution rates	42.96%	48.02%	41.21%

Plan Membership

At December 31, 2021, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	10,536
Inactive vested members entitled to but not yet receiving benefits	3,265
Active members	11,326
Total	25,127

Contributions

Livermore Area Recreation and Park District contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ACERA’s actuary after the completion of the annual actuarial valuation. Members are required to make contributions to ACERA regardless of the retirement plan or tier in which they are included.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

For the year ended June 30, 2022 and 2021, employer contributions by the District to ACERA were \$710,803 and \$1,490,917, respectively.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the net pension liability of negative \$4,882,346.

Livermore Area Recreation and Park District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. Livermore Area Recreation and Park District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2021 is shown below:

	ACERA
Proportion - June 30, 2022	-0.616%
Proportion - June 30, 2021	0.644%
Change	-1.260%

For the year ended June 30, 2022, the District recognized pension expense of \$157,379. At June 30, 2022, the District deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ACERA	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 286,036	\$ -
Changes in proportion and differences between employer's contributions and proportionate share of contributions	44,796	69,851
Changes of assumptions or other inputs	1,127,513	280,089
Net difference between projected and actual earnings on pension plan investments	-	3,954,693
Difference between expected and actual experience in the Total Pension Liability	1,982,931	2,636,768
Total	\$ 3,441,276	\$ 6,941,401

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date of December 31, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ 9,591
2024	(1,431,661)
2025	(1,118,889)
2026	(1,212,029)
2027	(33,173)
Thereafter	-

Actuarial Assumptions

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	ACERA
Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth Rate	3.25%
Projected Salary Increase	General: 8.35% to 3.65%, vary by service, including inflation
Investment Rate of Return ⁽¹⁾	7.00%

⁽¹⁾ Net of pension plan investment expense, including inflation

Mortality assumptions were based on the following tables:

- *Healthy* - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
- *Disables* - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2021 and 7.25% as of December 31, 2020. The provisions of Article 5.5 of the Statute do not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5 of the Statute, future allocations to the SRBR as an additional outflow against the Plan's Fiduciary Net Position in the GASB crossover test. It is estimated that the additional outflow would average approximately 0.60% of assets over time, based on the results of the actuary's stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both December 31, 2021 and December 31, 2020.

The long-term expected rate of return on pension plan investments was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2020 actuarial valuation. This information will be subject to change every three years based on the results of an actuarial experience study.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Large Cap Equity	22.40%	5.43%
US Small Cap Equity	2.50%	6.21%
International Developed Equity	17.00%	6.67%
International Small Cap Equity	3.00%	7.36%
Emerging Markets Equity	5.00%	8.58%
Core Plus Fixed Income	11.50%	1.10%
High Yield Bonds	1.60%	2.91%
Global Fixed Income	3.00%	-0.63%
Private Equity	10.50%	10.00%
Core Real Estate	8.00%	4.58%
Commodities	0.75%	3.46%
Infrastructure	1.75%	7.80%
Private Credit	4.00%	8.50%
Absolute Return	9.00%	3.70%
Total	100.0%	5.56%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability/(Asset)	\$ 2,687,276	\$ (4,882,346)	\$ (11,066,426)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ACERA financial reports.

Payable to the Pension Plan

At June 30, 2022, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan administration. The Alameda County Employees' Retirement Association (ACERA) was established by the Alameda County Board of Supervisors in 1947. ACERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the employee members.

The management of ACERA is vested with the ACERA Board of Retirement. The Board consists of nine members and two alternates. The County Treasurer is a member of the Board of Retirement by law and is elected by the general public. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two active members are elected by the General members; one active member and one alternate are elected by the Safety members; one retired member and one alternate are elected by the retired members. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At December 31, 2021, OPEB plan membership consisted of the following:

Retired members currently receiving medical benefits	6,763
Retired members currently receiving dental and vision benefits	8,058
Vested terminated members entitled to, but not yet receiving benefits	478
Active members	11,326
Total	<u>26,625</u>

Benefits provided. ACERA provides benefits to eligible employees.

Eligibility

Service Retirees. Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA).

Disabled Retirees. A minimum of 10 years of service is required for non-duty disability. There is no minimum service requirement for duty disability.

Other Postemployment Benefits (OPEB)

Monthly Medical Allowance

Service Retirees. For retirees not purchasing individual insurance through the Medicare Insurance Exchange, a Maximum Monthly Medical Allowance of \$578.65 per month is provided, effective January 1, 2021. For the period January 1, 2022 through December 31, 2022, the maximum allowance will remain at \$596.73 per month. For those purchasing individual insurance through the Individual Medicare Insurance Exchange, the Maximum Monthly Medical Allowance is \$443.28 per month for 2021 and will increase to \$457.13 per month in 2022. These Allowances are subject to the following subsidy schedule:

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

Disabled Retirees. Non-duty disabled retirees receive the same Monthly Medical Allowance as service retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those service retirees with 20 or more years of service.

Medicare Benefit Reimbursement Plan

The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must:

- Have at least 10 years of ACERA service,
- Be eligible for Monthly Medical Allowance,
- Provide proof of enrollment in Medicare Part B.

Dental and Vision Plans

The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premium is \$48.12 in 2021 and 2022. The eligibility for these premiums is as follows:

<i>Service Retirees</i>	Retired with at least 10 years of service.
<i>Disabled Retirees</i>	For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.

Note about the Monthly Medical Allowance

The maximum levels of subsidy are reviewed by the Board annually and are not indexed to increase automatically. In addition, the Monthly Medical Allowance can only be used to pay for retiree medical benefits. There is no benefit payable to beneficiaries, current spouses, former spouses or dependents. If the actual cost of coverage is less than the Monthly Medical Allowance, the difference is not paid in cash or applied towards the coverage for beneficiaries, current spouses, former spouses or dependents.

Deferred Benefit

Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.

Death Benefit

Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a negative liability of \$1,801,299 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the District's proportion was 0.438%, which was a decrease of 0.053% from its proportion measured as of December 31, 2020 (0.481%).

For the year ended June 30, 2022, the District recognized OPEB expense of \$488,401. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ 90,047	\$ 115,314
Changes of assumptions or other inputs	264,251	149,561
Net difference between projected and actual earnings on OPEB plan investments	-	1,937,921
Difference between expected and actual experience in the Total OPEB Liability	-	296,517
District contributions subsequent to the measurement date	-	-
Total	\$ 354,298	\$ 2,499,313

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2023	\$ (492,819)
2024	(675,541)
2025	(556,809)
2026	(367,690)
2027	(34,131)
Thereafter	(18,025)
Total	\$ (2,145,015)

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The actuarial assumptions used for the December 31, 2021 valuation were based on the results of the experience study for the period from December 1, 2016 through November 30, 2019 that were approved by the Board effective with the December 31, 2020 valuation and the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2021. The actuarial assumptions on the following page were applied to all periods included in the measurement:

December 31, 2021

Inflation	2.75%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	Graded from 7.50% to ultimate 4.50% over 12 years
Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Dental	0.00% for the first year to reflect a three-year guarantee and 4.00% thereafter
Vision	0.00% for the first three years to reflect a three-year guarantee and 4.00% thereafter
Medicare Part B	4.50%

Actuarial assumptions. The actuarial assumptions used for the December 31, 2020 valuation were based on the results of the experience study for the period from December 1, 2016 through November 30, 2019 that were approved by the Board effective with the December 31, 2020 valuation and the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2020. The actuarial assumptions on the following page were applied to all periods included in the measurement:

December 31, 2020

Inflation	2.75%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	Graded from 6.75% to ultimate 4.50% over 9 years
Medicare medical plan	Graded from 6.25% to ultimate 4.50% over 7 years
Dental	0.00% for the first two years to reflect a three-year guarantee and 4.00% thereafter
Vision	0.00% for the first four years to reflect a three-year guarantee and 4.00% thereafter
Medicare Part B	4.50%

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments¹ was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2021 actuarial valuation. This information will be subject to change every three years based on the results of an actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Large Cap Equity	22.40%	5.43%
US Small Cap Equity	2.50%	6.21%
International Developed Equity	17.00%	6.67%
International Small Cap Equity	3.00%	7.36%
Emerging Markets Equity	5.00%	8.58%
Core Plus Fixed Income	11.50%	1.10%
High Yield Bonds	1.60%	2.91%
Global Fixed Income	3.00%	-0.63%
Private Equity	10.50%	10.00%
Core Real Estate	8.00%	4.58%
Commodities	0.75%	3.46%
Infrastructure	1.75%	7.80%
Private Credit	4.00%	8.50%
Absolute Return	9.00%	3.70%
Total	100.00%	5.56%

Discount rate: The discount rates used to measure the Total OPEB Liability (TOL) was 7.00% as of December 31, 2021 and December 31, 2020, respectively. The projection of cash flows used to determine the discount rate assumed benefits are paid out of current SRBR OPEB assets. Based on those assumptions, the SRBR OPEB Plan’s Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of December 31, 2021 and December 31, 2020.

Sensitivity of the Net OPEB Liability to changes in the discount rate. The following presents the Net OPEB Liability (NOL) of the District as of December 31, 2021, calculated using the discount rate of 7.00%, as well as what the District’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the collective net OPEB liability/(asset)	\$ (1,110,250)	\$ (1,801,299)	\$ (2,371,977)

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate. The following presents the Net OPEB Liability of the District as of December 31, 2021, as well as what the District's proportionate share of the Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
District's proportionate share of the collective net OPEB liability/(asset)	\$ (2,432,463)	\$ (1,801,299)	\$ (1,019,807)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ACERA financial report.

Payables to the OPEB plan. At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required.

7. DEFERRED COMPENSATION

District employees may defer a portion of their compensation under District sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plans.

The District has no liability for any losses which may be incurred by the Plans and does not participate in any gains, but it does have the duty of due care that would be required of an ordinary prudent investor. The District has a contract with Mass Mutual Financial Group to manage and invest the assets of the Plans. These administrators pool the assets of the Plans with those of other participants and do not make separate investments for the District. Plan assets are subject to agreements which incorporated changes in the laws governing deferred compensation plan assets and are held by a trust or for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this new plan are not the District's property and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

8. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	<u>General Fund</u>
Nonspendable:	
Prepaid Expenses	\$ 9,865
Total Nonspendable	<u>9,865</u>
Restricted:	
Ravenswood Buckley Trust	294,373
Ida Holm Park - Ponderosa Homes	30,000
Bill Clark Park - Signature Homes	<u>82,800</u>
Total Restricted	<u>407,173</u>
Committed:	
Annual Debt Service - Pension Obligation Bonds	800,000
Annual Debt Service - PG&E On-Bill Financing	158,000
Deferred Maintenance	<u>1,132,000</u>
Total Committed	<u>2,090,000</u>
Assigned:	
Budget Contingency	<u>1,500,000</u>
Total Assigned	<u>1,500,000</u>
Unassigned:	
Unappropriated	<u>6,853,811</u>
Total Unassigned	<u>6,853,811</u>
Total Fund Balances	<u>\$ 10,860,849</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

9. JOINT VENTURE

The District is a member of the California Association for Park and Recreation Indemnity (CAPRI), a joint powers authority. The relationship between the District and CAPRI is such that CAPRI is not a component unit of the District for financial reporting purposes.

CAPRI provided liability, property and workers' compensation coverage for the District. CAPRI is governed by a Board consisting of representatives from member agencies. The Board controls their operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. 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 California Association for Park and Recreation Indemnity at 1075 Creekside Ridge Drive, Suite 240, Roseville, CA 95678. Condensed information for CAPRI is as follows:

<u>A. Entity</u>	CAPRI
<u>B. Purpose</u>	To pool member contributions and realize the advantages of self-insurance.
<u>C. Participants</u>	As of June 30, 2021, 62 member districts.*
<u>D. Governing Board</u>	Seven representatives employed by members.
<u>E. Payments for the Current Year</u>	<u>\$ 842,115</u>
<u>F. Condensed Financial Information</u>	June 30, 2021* (Audited)
Total Assets and Deferred Outflows	<u>\$ 28,691,683</u>
Total Liabilities and Deferred Inflows	\$ 21,245,449
Net Position	<u>7,446,234</u>
Total Liabilities and Net Position	<u>\$ 28,691,683</u>
Total Revenues	\$ 12,091,251
Total Expenses	<u>(10,735,670)</u>
Change in Net Position	<u>\$ 1,355,581</u>
<u>Member Agencies Share of Year-End Assets, Liabilities, or Net Position</u>	**

* Most current information available. ** Has not been calculated.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

10. CONTINGENT LIABILITIES

The District is a defendant in several lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. Sufficient data to arrive at an estimate of the possible loss or range of loss is not available at this time. Accordingly, no provision has been recorded.

11. COMMITMENTS

In December 2019, the District entered into a power purchase agreement for electricity at a fixed rate for a period of 20 years beginning when the seller completes the project. As of June 30, 2022, the District has not purchased any electricity.

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2022 were as follows:

	Excess Expenditures
Services and Supplies	\$ 336,210

13. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2022 financial statements for subsequent events through February 15, 2023, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LIVERMORE AREA RECREATION AND PARK DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 13,540,893	\$ 13,724,449	\$ 13,855,913	\$ 131,464
Earned income	6,901,113	6,526,967	6,645,878	118,911
Capital development/California COVID Relief Fund	2,422,495	3,497,833	2,631,839	(865,994)
Total revenues	<u>22,864,501</u>	<u>23,749,249</u>	<u>23,133,630</u>	<u>(615,619)</u>
EXPENDITURES				
Salaries and employee benefits	13,319,665	12,263,619	11,859,790	403,829
Services and supplies	5,690,162	6,710,916	7,047,126	(336,210)
Total operating expenditures	<u>19,009,827</u>	<u>18,974,535</u>	<u>18,906,916</u>	<u>67,619</u>
Capital Outlay	2,790,170	3,249,958	2,257,135	992,823
Total expenditures	<u>21,799,997</u>	<u>22,224,493</u>	<u>21,164,051</u>	<u>1,060,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,064,504</u>	<u>1,524,756</u>	<u>1,969,579</u>	<u>444,823</u>
Net change in fund balance	1,064,504	1,524,756	1,969,579	444,823
Fund balance - July 1, 2021	<u>8,891,270</u>	<u>8,891,270</u>	<u>8,891,270</u>	<u>-</u>
Fund balance - June 30, 2022	<u>\$ 9,955,774</u>	<u>\$ 10,416,026</u>	<u>\$ 10,860,849</u>	<u>\$ 444,823</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2018	2019	2020	2021	2022
District's proportion of the collective net OPEB liability/(asset)	0.42%	0.41%	0.44%	0.481%	0.428%
District's proportionate share of the collective net OPEB liability/(asset)	\$ 116,763	\$ 950,150	\$ 495,308	\$ 32,184	\$(1,801,299)
District's covered payroll	\$ 4,254,668	\$ 4,585,695	\$ 4,434,257	\$ 3,765,062	\$ 3,622,647
District's proportionate share of the collective net OPEB liability/(asset) as a percentage of its covered payroll	2.74%	20.72%	11.17%	0.85%	-49.72%
Plan fiduciary net position as a percentage of the total OPEB liability	97.33%	77.91%	89.57%	99.44%	134.96%

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LIVERMORE AREA RECREATION AND PARK DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Schedule of Proportionate Share of the Net Pension Liability

Year Ended June 30,	District's proportion of the Net Pension Liability/(Asset)	District's proportionate share of Net Pension Liability/(Asset)	Covered payroll	District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll*	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2022	-0.61600%	\$ (4,882,346)	\$ 3,622,647	-134.77%	107.51%
2021	0.64400%	\$ 14,126,234	\$ 3,765,062	375.19%	78.44%
2020	0.64000%	\$ 13,701,573	\$ 4,434,257	308.99%	77.82%
2019	0.57200%	\$ 15,804,862	\$ 4,585,695	344.66%	72.74%
2018	0.35900%	\$ 7,228,288	\$ 4,254,668	169.89%	82.99%
2017	0.38500%	\$ 8,644,696	\$ 4,548,036	190.08%	77.76%
2016	0.48300%	\$ 9,288,497	\$ 4,485,863	207.06%	75.39%
2015	0.47129%	\$ 8,203,447	\$ 3,919,778	209.28%	77.26%

Schedule of Pension Contributions

Year Ended June 30,	Contractually required contribution*	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll*
2022	\$ 1,422,470	\$ 1,422,470	\$ -	\$ 3,622,647	39.27%
2021	\$ 1,490,917	\$ 1,490,917	\$ -	\$ 3,765,062	39.60%
2020	\$ 1,306,574	\$ 1,306,574	\$ -	\$ 4,434,257	29.47%
2019	\$ 1,100,236	\$ 1,100,236	\$ -	\$ 4,585,695	23.99%
2018	\$ 1,049,843	\$ 1,049,843	\$ -	\$ 4,254,668	24.68%
2017	\$ 1,189,646	\$ 1,189,646	\$ -	\$ 4,548,036	26.16%
2016	\$ 1,199,303	\$ 1,199,303	\$ -	\$ 4,485,863	26.74%
2015	\$ 1,145,344	\$ 1,145,344	\$ -	\$ 3,919,778	29.22%

The amounts presented for each fiscal year were actuarially determined at December 31 of the prior year and rolled forward to the measurement date.

*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LIVERMORE AREA RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Through the budget, the District board sets the direction of the District, allocates its resources and establishes its priorities. The annual budget serves from July 1st to June 30th, and is a vehicle that accurately and openly communicates these priorities to the community and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resources for planning that permit the evaluation of District performance.

The original budget represents the budget adopted by the board in June 2020 and the final budget reflects the mid-year budget adjustments adopted by the board in March 2021.

The District's adopted budget includes designated fund balances to be used in current year operations as well as a contingency expense for unexpected increases in expenditures. These amounts are not in accordance with generally accepted accounting principles and are therefore not included in the budgets presented in the required supplementary information.

Schedule of the District's Proportionate Share of the Net OPEB Liability

Changes in Assumptions

The discount rate decreased from 7.25% to 7.00%; while the inflation assumption remained the same at 2.75%.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Schedule of Proportionate Share of the Net Pension Liability

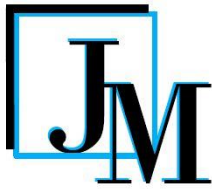
Changes in Assumptions

The discount and inflation rates remained the same at 7.00% and 2.75%, respectively.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

OTHER INDEPENDENT AUDITOR’S REPORT



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

**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***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Livermore Area Recreation and Park District
Livermore, 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, each major fund, and the aggregate remaining fund information of Livermore Area Recreation and Park District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Livermore Area Recreation and Park District's internal control over financial reporting (internal control) as a basis for designing 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 Livermore Area Recreation and Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of Livermore Area Recreation and Park District's internal control.

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

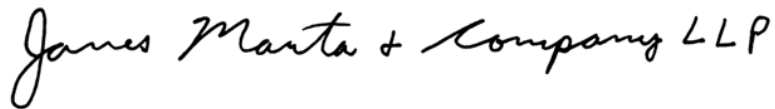
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 15, 2023