

**ARCADE CREEK RECREATION
AND PARK DISTRICT**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2025

DRAFT

ARCADE CREEK RECREATION AND PARK DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arcade Creek Recreation and Park District as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Arcade Creek 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 the governmental activities, each major fund, and the aggregate remaining fund information of Arcade Creek Recreation and Park District as of June 30, 2025, and the changes in financial position of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

The Arcade Creek Recreation and Park District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison schedule for the General fund on page 23, the District's Employees' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on pages 24 and 25, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

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Larry Bain, CPA
An Accounting Corporation

February 20, 2026

ARCADE CREEK RECREATION AND PARK DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 1,007,176
Interest receivable	19,104
Accounts receivable	27,943
Prepaid expense	475
Lease receivable	45,252
Restricted cash and investments	<u>132,868</u>
Total Current Assets	<u>1,232,818</u>
Noncurrent assets	
Lease receivable	311,093
Capital assets:	
Land	264,541
Buildings and improvements	5,600,840
Equipment	196,292
Less: accumulated depreciation	<u>(3,486,295)</u>
Total noncurrent capital assets	<u>2,575,378</u>
Total noncurrent assets	<u>2,886,471</u>
Total assets	<u>4,119,289</u>
Deferred Outflows of Resources	
Deferred outflows-pensions	<u>162,635</u>
Liabilities	
Current liabilities:	
Claims payable	28,591
Accrued payroll	<u>12,709</u>
Total Current liabilities	<u>41,300</u>
Noncurrent liabilities:	
Due within one year	34,500
Due in more than one year	<u>146,741</u>
Total noncurrent liabilities	<u>181,241</u>
Total liabilities	<u>222,541</u>
Deferred Inflows of Resources	
Deferred inflows-pension	724
Deferred inflows-leases	<u>330,207</u>
Total deferred inflows of resources	<u>330,931</u>
Net Position	
Net investment in capital assets	2,886,471
Restricted for other	135,678
Unrestricted net position	<u>706,303</u>
Total net position	<u>\$ 3,728,452</u>

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

ARCADE CREEK RECREATION AND PARK DISTRICT

**STATEMENT OF ACTIVITIES
JUNE 30, 2025**

	Expenses	Program Revenues			Total
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
Governmental Activities:					
Recreation services	\$ 1,073,075	\$ 53,623	\$ 18,784	\$ 12,482	\$ (988,186)
Unallocated depreciation-donation expense	1,341,589				(1,341,589)
Interest on long-term debt	4,469				(4,469)
Total governmental activities	\$ 2,419,133	\$ 53,623	\$ 18,784	\$ 12,482	(2,334,244)

General Revenues:	
Property tax, levied for general purposes	831,812
Investment income	52,607
Other	15,583
Total general revenues	900,002
Change in net position	(1,434,242)
Net position - beginning	5,162,694
Net position - ending	\$ 3,728,452

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

ARCADE CREEK RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Major Capital Project Funds		Non-Major Special Revenue Fund	Total Governmental Funds
		Developer Deposits	District Projects	ADA Fund	
Assets					
Cash and investments	\$ 917,501	\$ -	\$ 89,675	\$ -	\$ 1,007,176
Interest receivable	13,941	2,771	2,353	39	19,104
Accounts receivable	17,991		9,952		27,943
Prepaid expense	475				475
Due from other funds	130,001				130,001
Restricted cash and investments		130,996		1,872	132,868
Total assets	\$ 1,079,909	\$ 133,767	\$ 101,980	\$ 1,911	\$ 1,317,567
Liabilities and Fund Balances					
Liabilities					
Claims payable	\$ 28,591	\$ -	\$ -	\$ -	\$ 28,591
Accrued payroll	12,709				12,709
Due to other funds			130,001		130,001
Total liabilities	41,300		130,001		171,301
Fund Balances					
Nonspendable	475				475
Restricted		133,767		1,911	135,678
Unassigned	1,038,134		(28,021)		1,010,113
Total fund balances	1,038,609	133,767	(28,021)	1,911	1,146,266
Total Liabilities and Fund Balances	\$ 1,079,909	\$ 133,767	\$ 101,980	\$ 1,911	\$ 1,317,567

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

ARCADE CREEK RECREATION AND PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund balances of governmental funds	\$ 1,146,266
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	2,575,378
Leases receivable under GASB 87 are not due and receivable in the current period and therefore are not reported in the funds.	356,345
Deferred outflows of resources are not due and receivable in the current period and therefore are not reported in the funds.	162,635
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.	(330,931)
Some liabilities, including long-term debt, net pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(181,241)</u>
Net position of governmental activities	<u><u>\$ 3,728,452</u></u>

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

ARCADE CREEK RECREATION AND PARK DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2025**

	General Fund	Major Capital Project Funds		Non-Major Special Revenue Fund	Total Governmental Funds
		Developer Deposits	District Projects	Non-major ADA Fund	
Revenues					
Property taxes	\$ 826,799	\$ -	\$ -	\$ -	\$ 826,799
Intergovernmental revenues	17,495				17,495
Use of money and property	83,969	5,540	4,876	78	94,463
Charges for services	1,480				1,480
Other revenues	15,505	18,784			34,289
Total revenues	945,248	24,324	4,876	78	974,526
Expenditures					
Current:					
Recreation and park services	821,024	9,588			830,612
Debt service					
Principal	33,100				33,100
Interest	4,469				4,469
Capital outlay	18,753		59,681		78,434
Total expenditures	877,346	9,588	59,681		946,615
Net change in fund balances	67,902	14,736	(54,805)	78	27,911
Fund balances, beginning of fiscal year	970,707	119,031	26,784	1,833	1,118,355
Fund balances, end of fiscal year	\$ 1,038,609	\$ 133,767	\$ (28,021)	\$ 1,911	\$ 1,146,266

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

ARCADE CREEK RECREATION AND PARK DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN NET POSITION
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2025**

Net change in fund balances - total governmental funds	\$ 27,911
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balances because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Cost of assets capitalized	78,434
Depreciation expense	(186,878)
Unallocated depreciation-donation expense	(1,341,589)
<p>Receipts of lease revenue are recognized as revenue in the funds and as an adjustment to leases receivable in the statement of net postion</p>	10,364
<p>Changes in proportions from the pension do not effect expenditures in the governmental funds, but the change is adjusted through expense in the government-wide statement.</p>	(53,245)
<p>Payments of long-term debt are recognized as expense in the funds and as a reduction to debt in the statement of net postion</p>	33,100
<p>Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.</p>	<u>(2,339)</u>
Change in net position of governmental activities	<u><u>\$ (1,434,242)</u></u>

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

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1: Summary of Significant Accounting Policies

The District was organized in 1959 by a vote of the public. It is operated under the advisement of a five member Board of Directors duly elected and empowered by the electorate with sole authority over the District's operations. Although the District is now independent from the Sacramento County's Board of Supervisors, its financial activities are still processed through the Sacramento County Auditor-Controller's Office.

In addition to providing recreational programs and services to the community, the District maintains three park sites and areas along Koehler Creek and Arcade Creek. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on the aforementioned oversight criteria, there are no component units in accordance with Governmental Accounting Standards Board Statement No. 61.

B. Basis of Accounting

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

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

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

C. Non-Current Governmental Assets/Liabilities

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

D. Basis of Presentation

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

Governmental Fund Types

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

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Special Revenue Funds - This fund accounts for the activity impact fees and other resources that are legally restricted to expenditures for specific purposes.

Capital Project Fund- was established to account for developer fees restricted for park improvements.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

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

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

G. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and the amount of sick leave expected to be used prior to termination. In accordance with GASB 101, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees, such as Medicare taxes. The liability is recorded in the government-wide statement of net position.

H. Capital Assets

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

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

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

I. Property Tax

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

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

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

K. Pensions

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

L. GASB Statement No. 87

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Lessor

The District acts as the lessor for land used for two cell towers. The District recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of the lease, the District initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses an estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 2: Cash and Investments

Cash and investments at June 30, 2025, consisted of the following:

Checking account	\$ 95,213
Imprest cash	1,000
Cash and investment in the County Treasurer	<u>1,043,831</u>
Total cash and investments	<u><u>\$ 1,140,044</u></u>

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

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

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

B. Disclosures Relating to Interest Rate Risk

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

Investment Type	Totals	Remaining Maturity (in Months)	
		12 Months or Less	13-48 Months
Sacramento County*	\$ 1,043,831	\$ 1,043,831	\$ -
Totals	<u>\$ 1,043,831</u>	<u>\$ 1,043,831</u>	<u>\$ -</u>

*Not subject to categorization

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to three levels of custodial credit risk within the following categories:

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 2: Cash and Investments (Continued)

C. Concentrations of Credit Risk

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

D. Custodial Credit Risk

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

At June 30, 2025, the District's deposits balance was \$95,121 and the carrying amount was \$95,213. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and/or by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

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

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 3: Property Plant and Equipment

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

	Balance July 1, 2024	Additions	Retirement/ Adjustments	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 264,541	\$ -	\$ -	\$ 264,541
Construction in progress	344,023		(344,023)	-
Capital assets, being depreciated:				
Structures and improvements	8,071,970	403,703	(2,874,833)	5,600,840
Equipment	177,539	18,753		196,292
Total capital assets, being depreciated	8,249,509	422,456	(2,874,833)	5,797,132
Less accumulated depreciation	(4,832,661)	(186,878)	1,533,244	(3,486,295)
Total capital assets, being depreciated, net	3,416,848	235,578	(1,341,589)	2,310,837
Governmental activities, capital assets, net	\$ 4,025,412	\$ 235,578	\$ (1,685,612)	\$ 2,575,378

Note 4: Long-Term Liabilities

The following is a summary of changes in the Districts long-term debt for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due within One Year
Compensated absences	\$ 9,442	\$ 2,339	\$ -	\$ 11,781	\$ -
Net pension liability	89,048		(5,688)	83,360	
Pension side fund loan	119,200		(33,100)	86,100	34,500
Totals	\$ 217,690	\$ 2,339	\$ (38,788)	\$ 181,241	\$ 34,500

Long-term liability obligations consist of the following:

A. Compensated Absences

The District recognizes the accumulated unpaid employee vacation and vested sick leave benefits as a liability and the long-term portion is recorded as compensated absences payable in the government-wide statement of net position.

B. Pension Side Fund Loan

On November 1, 2017 the District took out a \$305,400 loan from UMPQUA Bank. \$247,784 of the loan proceeds were used to pay off the CalPERS Side Fund liability and the cost of issuance was \$57,616. The 10 year term of the loan is from November 1, 2017 to November 1, 2027. Payments ranging from \$3,085 to \$3,178 are due monthly and the interest rate is 4.29%. The District collateralized two HSP buildings as security for the loan. There was an economic loss to the District associated with refinancing the side fund liability as a result of the payments of the new loan exceeding the estimated side fund payments by \$9,233.

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 4: Long-Term Liabilities (Continued)

The pension side fund debt will be amortized over the remaining years as follows:

Fiscal Year				
End June 30,	Principal	Interest	Total	
2026	\$ 34,500	\$ 3,069	\$ 37,569	
2027	36,100	1,509	37,609	
2028	15,500	167	15,667	
Totals	<u>\$ 86,100</u>	<u>\$ 4,745</u>	<u>\$ 90,845</u>	

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plan

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan is applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits , % of eligible compensation	2.20% to 2.70%	1.00% to 2.00%
Required employee contribution rates	7%	7.75%
Required employer contribution rates	11.88%	7.75%

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

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

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the miscellaneous Plan was as follows:

Contributions-employer	\$	23,397
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B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability	
	\$	83,360
Miscellaneous Plan		

The 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 June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension Plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability as of reporting dates June 30, 2024 and 2025 were as follows:

Proportion - June 30, 2024	0.00178%
Proportion - June 30, 2025	0.00172%
Change - Increase (Decrease)	-0.00006%

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$76,642. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,207	\$ (281)
Changes of assumptions	2,142	
Net difference between projected and actual earnings on pension plan investments	4,798	
Changes in proportion	106,764	(443)
Difference in contributions and the proportionate share of contributions	18,327	
District contributions subsequent to the measurement date	23,397	
Total	<u>\$ 162,635</u>	<u>\$ (724)</u>

\$23,397 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period

Ended June 30:

2026	\$ (117,684)
2027	(20,161)
2028	(2,310)
2029	1,641

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies
Investment Rate of Return	6.90%

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

CalPERS reviews all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations. CalPERS will continue to check the materiality of the difference in calculation until such time as they change the methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Allocation</u>	<u>Years 1-10 (1)(2)</u>
Global equity-cap weighted	30.0%	4.45%
Global equity non-cap weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage backed securities	5.0%	50.00%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%

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

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Misc Tier I	\$ 135,026	\$ 83,360	\$ 40,984

ARCADE CREEK RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 6: Developer Impact Fees

The County maintains a restricted account for the benefit of the Arcade Creek Recreation and Park District. The corpus of the trust consists of impact fees paid by developers of subdivisions within the boundaries of the District. The use of these funds by the District is restricted for the purpose of providing park and recreation facilities to serve the population. The District maintains the activity of these funds in a special revenue fund.

Note 7: Risk Management

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

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies for general and automobile liability and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible per occurrence payable by the District. Financial statements for CAPRI are available at the District's office for fiscal year ending June 30, 2025.

The District carries commercial insurance for other risks of loss, including employees' health insurance.

Note 8: Net Position/Fund Balances

The government-wide activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law though constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position the District, not restricted for any project or other purpose.

Fund Balances – Governmental Funds

The District adopted a policy for GASB Statement No. 54, Fund Balance Reporting, in the current fiscal year. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 8: Net Position/Fund Balances (Continued)

Detailed information on governmental fund-type, fund balances are as follows:

	General Fund	Developer Fees	ADA Fees	Capital Projects
Nonspendable	\$ 475	\$ -	\$ -	\$ -
Restricted for Developer Deposits		133,767	1,911	
Unassigned	1,038,134			(28,021)
Total fund balance	<u>\$ 1,038,609</u>	<u>\$ 133,767</u>	<u>\$ 1,911</u>	<u>\$ (28,021)</u>

Note 9: Leases Receivable

The District entered into an agreement with AT&T whereby the District leased property to AT&T for a communications transmission tower. The lease is a term of five years with rights to extend the term for five additional terms of five years each. Payments are due and payable quarterly.

During the fiscal year ending June 30, 2004 the District entered into a site lease agreement with Metro PCS, whereby Metro PCS agreed to lease a site for a cellular tower and pay the District \$2,500 up front plus \$1,200 per month adjusted every renewal term by 15%. The initial term is five years then four additional five year options.

During the fiscal year ending June 30, 2006 the District entered into a site lease agreement with T Mobile, whereby T-Mobile agreed to lease a site for a cellular tower and pay the District \$7,500 up front plus \$2,000 per month adjusted annually by up to 3%. The initial term is five years then five additional five year options. Additionally T-Mobile will pay \$400 annually for the lease options.

On August 20, 2012, the District approved by resolution the sale of the District cell tower lease agreements noted above and assigned management of the cell tower sites to Crown Castle, Inc. The purchase price was \$574,500 for site one and \$596,000 for site two. The amount collected in advance by the District was approximately \$54,000 and then 240 monthly payments will be made for approximately \$4,600 per month. Crown Castle, Inc., was granted a 60 year (720 month) easement term and has the unilateral right to terminate the lease for any reason.

Because the District derives a portion of its revenue from the rental of real property based on a fixed lease amount above, the leases are treated as an finance lease for accounting purposes under Governmental Accounting Board Statement No. 87.

Lease receivables consist of the agreement with the cell tower operator for their right-to-use of a portion of land at the parks owned by the District. The calculated interest rate used is based on an assumed 3% borrowing rate. For the fiscal year ended June 30, 2025, the District recognized \$47,012 in lease revenue and \$12,739 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

	Balance 7/1/2024	Additions	Retirements/ Adjustments	Balance 6/30/2025	Due within One Year	More Than One Year
Lease receivable	<u>\$ 400,261</u>	<u>\$ -</u>	<u>\$ (43,916)</u>	<u>\$ 356,345</u>	<u>\$ 45,252</u>	<u>\$ 311,093</u>

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 9: Leases Receivable (Continued)

Lease receivables are due in the upcoming years as follows:

June 30,	Principal	Interest	Total
2026	\$ 45,252	\$ 10,074	\$ 55,325
2027	46,628	8,697	55,325
2028	48,027	7,298	55,325
2029	49,806	5,519	55,325
2030	51,159	4,166	55,325
2031-2033	115,473	4,624	120,097
Total	\$ 356,345	\$ 40,377	\$ 396,722

Note 10: Stewardship and Accountability

The District capital projects fund had a negative fund balance of \$28,021 at June 30, 2025. The deficit is expected to be corrected in future years with developer deposits or transfers from the general fund.

Note 11: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District’s ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 12: Gann Limit

Total tax and interest revenue 2024-25	\$ 899,478
Amount of limit for 2024-25	1,868,746
Amount (under)/over limit	\$ (969,268)

Note 13: Commitments and Contingencies

Grants

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

Note 14: Subsequent Event

Subsequent events were evaluated through February 20, 2026, the date these financial statements were made available for public inspection.

**ARCADE CREEK RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 785,478	\$ 762,562	\$ 826,799	\$ 64,237
Intergovernmental revenues	12,000	12,000	17,495	5,495
Use of money and property	62,000	62,000	83,969	21,969
Charges for services	438	438	1,480	1,042
Other revenues	23,000	23,000	15,505	(7,495)
Total Revenues	882,916	860,000	945,248	85,248
Expenditures				
Salaries and benefits	414,184	483,089	348,061	135,028
Services and supplies	430,724	532,555	472,963	59,592
Debt service				
Principal expense	33,100	33,100	33,100	-
Interest expense	4,470	4,470	4,469	1
Capital outlay		345,000	18,753	326,247
Contingency		300,000		300,000
Total Expenditures	882,478	1,698,214	877,346	820,868
Net change in fund balances	<u>\$ 438</u>	<u>\$ (838,214)</u>	<u>67,902</u>	<u>\$ 906,116</u>
Fund balance, beginning of fiscal year			<u>970,707</u>	
Fund balance, end of fiscal year			<u><u>\$1,038,609</u></u>	

**ARCADE CREEK RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025**

<u>Reporting date</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
6/30/2016	0.01978%	\$542,794	\$261,230	207.78%	56.49%
6/30/2017	0.01623%	\$563,916	\$240,210	234.76%	59.43%
6/30/2018	0.01523%	\$600,257	\$250,080	240.03%	58.40%
6/30/2019	0.01458%	\$549,407	\$252,216	217.83%	80.01%
6/30/2020	0.00658%	\$263,394	\$213,295	123.49%	80.78%
6/30/2021	0.00741%	\$312,635	\$225,017	138.94%	79.58%
6/30/2022	-0.01256%	-\$238,569	\$176,150	-135.44%	96.33%
6/30/2023	0.00098%	\$45,985	\$102,303	44.95%	108.29%
6/30/2024	0.00178%	\$89,047	\$189,109	47.09%	93.56%
6/30/2025	0.00172%	\$83,360	\$198,793	41.93%	91.17%

**ARCADE CREEK RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2025**

<u>Reporting date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employees payroll</u>	<u>Contribution as a percentage of covered-employee payroll</u>
6/30/2016	\$78,383	(\$78,383)	\$0	\$261,230	30.01%
6/30/2017	\$81,976	(\$81,976)	\$0	\$240,210	34.13%
6/30/2018	\$83,284	(\$83,284)	\$0	\$250,080	33.30%
6/30/2019	\$31,744	(\$31,744)	\$0	\$252,216	12.59%
6/30/2020	\$36,036	(\$64,036)	\$ (28,000)	\$213,295	30.02%
6/30/2021	\$35,350	(\$35,350)	\$0	\$225,017	15.71%
6/30/2022	\$38,106	(\$38,106)	\$0	\$176,150	21.63%
6/30/2023	\$19,104	(\$19,104)	\$0	\$102,303	18.67%
6/30/2024	\$25,222	(\$25,222)	\$0	\$189,109	13.34%
6/30/2025	\$23,397	(\$23,397)	\$0	\$198,793	11.77%

ARCADE CREEK RECREATION AND PARK DISTRICT

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

Note 1: Budgets and Budgetary Accounting

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

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund and special revenue fund are the only legally adopted budget. Budgets for the capital project funds are used for management and control purposes only.

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

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