

**LADERA RECREATION DISTRICT
PORTOLA VALLEY, CALIFORNIA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ladera Recreation District
Portola Valley, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ladera Recreation District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Ladera Recreation 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 and each major fund of Ladera Recreation District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ladera Recreation 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Ladera Recreation 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 Ladera Recreation District's ability to continue as a going concern for a reasonable period of time.

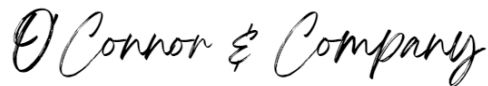
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 17, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not modified with respect to this matter.



O'Connor & Company

Novato, California
July 25, 2025

Ladera Recreation District
STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Cash and investments	\$ 1,701,868
Non-depreciable capital assets	1,583,793
Depreciable capital assets, net of accumulated depreciation	<u>4,844,949</u>
Total assets	<u>8,130,610</u>

LIABILITIES

Long-term liabilities:	
Due within one year	50,000
Due in more than one year	<u>1,033,000</u>
Total liabilities	<u>1,083,000</u>

NET POSITION

Net investment in capital assets	5,345,742
Unrestricted	<u>1,701,868</u>
Total net position	<u>\$ 7,047,610</u>

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

Ladera Recreation District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants & Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Park and recreation	\$ 1,136,857	\$ 921,595	\$ 230,392	\$ 15,130
Total governmental activities	<u>\$ 1,136,857</u>	<u>\$ 921,595</u>	<u>\$ 230,392</u>	<u>15,130</u>
General revenues:				
Property taxes				355,445
Interest and investment earnings				<u>35,689</u>
Total general revenues				<u>391,134</u>
Change in net position				406,264
Net position, beginning of period				<u>6,641,346</u>
Net position, end of period				<u>\$ 7,047,610</u>

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

Ladera Recreation District
GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2023

<u>ASSETS</u>	<u>General Fund</u>
Cash and investments	\$ 1,701,868
Total assets	<u>\$ 1,701,868</u>
<u>FUND BALANCES</u>	
Unassigned	\$ 1,701,868
Total fund balances	<u>\$ 1,701,868</u>

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

Ladera Recreation District
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the Year Ended December 31, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUND \$ 1,701,868

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Fund above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Fund.

6,428,742

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Lease financing

(1,083,000)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 7,047,610

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

Ladera Recreation District
 GOVERNMENTAL FUND
STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Total
Revenues:			
Property taxes	\$ 355,445	\$ -	\$ 355,445
Park and recreation fees	921,595	-	921,595
Donations	-	230,392	230,392
Investment income	35,689	-	35,689
Total revenues	<u>1,312,729</u>	<u>230,392</u>	<u>1,543,121</u>
Expenditures:			
Park and recreation	881,987	-	881,987
Capital outlay (capitalized and not capitalized)	-	3,677,438	3,677,438
Debt service:			
Principal	-	48,000	48,000
Interest	-	29,430	29,430
Total expenditures	<u>881,987</u>	<u>3,754,868</u>	<u>4,636,855</u>
Excess (deficit) of revenues over (under) expenditures	<u>430,742</u>	<u>(3,524,476)</u>	<u>(3,093,734)</u>
Other financing sources (uses):			
Transfer in	-	274,502	274,502
Transfer out	<u>(274,502)</u>	<u>-</u>	<u>(274,502)</u>
Total other financing sources (uses):	<u>(274,502)</u>	<u>274,502</u>	<u>-</u>
Net change in fund balance	156,240	(3,249,974)	(3,093,734)
Fund balances, beginning of period	<u>1,545,628</u>	<u>3,249,974</u>	<u>4,795,602</u>
Fund balances, end of period	<u>\$ 1,701,868</u>	<u>\$ -</u>	<u>\$ 1,701,868</u>

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

Ladera Recreation District
 Reconciliation of the
GOVERNMENTAL FUND - STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 with the Governmental Activities
STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND \$ (3,093,734)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The construction in progress and capital outlay expenditures are therefore added back to fund balance. 3,706,868

Depreciation expense is deducted from the fund balance. (254,870)

LONG-TERM DEBT PROCEEDS AND PAYMENT

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities:

Repayment of debt principal is added back to fund balance 48,000

Changes in net position of governmental activities \$ 406,264

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

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 1 - GENERAL

The Ladera Recreation District was organized in April 1958 by voters of Ladera, an unincorporated area of San Mateo County west of Alpine Road and consists of approximately 534 residential parcels. The District maintains a swimming pool, tennis courts, a community center, and a children's play area at 150 Andeta Way. The District offers Ladera residents swimming and tennis lessons, a swim team, and summer recreation programs for a reasonable fee. These services are offered to non-residents at an increased fee.

The District is governed by a five-member Board of Directors elected for four-year terms. The Board meets on the second Monday of each month. In the event one of the Directors is unable or does not choose to serve a complete term, a successor is appointed by the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

(1) Government-wide and the Fund Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from donor contributions for the new pool construction. Other items not properly included among program revenues are reported instead as *general revenues*. The District's General Fund is presented as a separate financial statement (balance sheet and statement of revenues, expenditures, and changes in fund balance). Fiduciary activities are not included in the government-wide Statements. The District has no fiduciary activities.

(2) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements

The statement of net position and the statement of activities are prepared 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 the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The underlying accounting system of the District is organized and operated based on separate funds, each of which is 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 expenditure or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Accounting Principles (continued)

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major Funds

GASB Statement 34 defines major funds and requires that the District's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined, and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds. The District has no other funds currently.

The District reported the following major governmental funds in the accompanying financial statements:

General Fund: This fund accounts for the operations of the District. The General Fund is used for all the general revenues of the District not specifically levied or collected for other District funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit that are not accounted for in another fund.

Capital Projects Fund: The Capital Projects Fund accounts for all financial resources and related expenditures of the new District pool.

Fund Equity

In the fund financial statements, governmental fund balances are reported in the following classifications:

Non-spendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Accounting Principles (concluded)

Fund Balance Flow Assumption

When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(3) Use of Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

B. Budget and Budgetary Accounting

The District normally adopts an annual budget in January for the ensuing fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Legally adopted annual budgets and formal budgetary integration is employed as a management control device during the year for the General Fund only.
- (2) The budgets for the General Fund are adopted on a basis consistent with GAAP.
- (3) Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year, which were contingent upon new or additional revenue and re-appropriated amounts for prior year encumbrances.
- (4) Budget appropriations for the various governmental funds become effective each January 1. The Board of Directors may amend the budget during the fiscal year.

Expenditures were below budget amounts by \$280,477 for the fiscal year ended December 31, 2023.

C. Capital Assets

Capital assets are those purchased or acquired that are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays, more than \$5,000, that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized but are expensed as incurred.

Depreciation is computed using straight line over the following estimated useful lives:

Structures and improvements	5 - 50 years
Equipment	3 - 30 years

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position is unrestricted. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

E. Fair Value Hierarchy of Cash and Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from rental properties.

Ladera Recreation District did not have any investments subject to the recurring fair value measurements as of December 31, 2023.

NOTE 3 - CASH AND INVESTMENTS

The District's cash is held by the San Mateo County Treasurer in the San Mateo County (the County) Treasurer's pool and by Chase Bank. The Treasurer invests the cash under policy guidelines established by the County. Credit risk, concentration credit risk, and interest rate risk information regarding the cash held by the Treasurer is included in the Comprehensive Annual Financial Report of the County of San Mateo. The County is restricted by the state code in the types of investments it can make. Furthermore, the Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than the state code to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

The District's Governing Board has not formally adopted a deposit and investment policy and follows the County's investment policy. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (concluded)

At December 31, 2023, the District's cash with the County Treasurer is stated at fair value. The proceeds from the lease financing are held at Sterling National Bank.

Cash and investments consisted of the following as of December 31, 2023:

	Fair Value	Investment Risk
Cash in County Treasury	\$ 1,059,617	N/A
Cash in Banks	642,251	N/A
Total cash and investments	\$ 1,701,868	

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California agents of depository is held for, and in the name of, the local government.

Credit Risk - Investments

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of December 31, 2023 are provided by Standard and Poor's except as noted. The District's cash on deposit with the San Mateo County Treasurer is not rated.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 4 - CAPITAL ASSETS

An analysis of fixed assets at December 31, 2023, is as follows:

<u>Governmental Activities</u>	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/23</u>
Capital assets, not being depreciated:				
Land	\$ 987,266	\$ -	\$ -	\$ 987,266
Construction in progress	<u>1,468,307</u>	<u>3,307,343</u>	<u>4,179,123</u>	<u>596,527</u>
Total capital assets, not being depreciated	<u>2,455,573</u>	<u>3,307,343</u>	<u>4,179,123</u>	<u>1,583,793</u>
Capital assets, being depreciated:				
Buildings and improvements	1,535,000	195,609	130,920	1,599,689
Furniture and fixtures	53,654	-	27,125	26,529
Machinery and equipment	259,814	203,915	11,876	451,853
New pool	-	<u>4,179,123</u>	-	<u>4,179,123</u>
Total capital assets, being depreciated	<u>1,848,468</u>	<u>4,578,647</u>	<u>169,921</u>	<u>6,257,194</u>
Less accumulated depreciation for:				
Buildings and improvements	1,168,938	57,052	130,920	1,095,070
Furniture and fixtures	50,117	2,654	27,125	25,646
Machinery and equipment	108,241	27,999	11,876	124,364
New pool	-	<u>167,165</u>	-	<u>167,165</u>
Total accumulated depreciation	<u>1,327,296</u>	<u>254,870</u>	<u>169,921</u>	<u>1,412,245</u>
Total capital assets being depreciated net	<u>521,172</u>	<u>4,323,777</u>	<u>-</u>	<u>4,844,949</u>
Capital assets – net depreciation	<u>\$ 2,976,745</u>	<u>\$ 7,631,120</u>	<u>\$ 4,179,123</u>	<u>\$ 6,428,742</u>
<u>Depreciation allocation</u>				
Parks and recreation	<u>\$ 254,870</u>			

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt as of December 31, 2023:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Current</u>
Lease financing	<u>\$ 1,131,000</u>	<u>\$ -</u>	<u>\$ 48,000</u>	<u>\$ 1,083,000</u>	<u>\$ 50,000</u>

The following is a summary of debt transactions for the year ended December 31, 2023:

Lease Financing

On April 1, 2021, the District entered a lease back financing arrangement. Pursuant to the Site Lease, the District leases real property to CSDAFC (the Counterparty) for a onetime site lease payment. Pursuant to the lease agreement, the District agrees to lease the property back from CSDAFC and makes rental payments to CSDAFC. Pursuant with the assignment agreement, CSDAFC assigns its rights to receive the rental payments to Sterling National Bank (the lender). As consideration for the assignment of rental payments, Sterling National Bank provides funding for the project (the onetime site lease payment noted above). The funding will be used to finance the construction of a new pool. The debt was issued with a maturity of May 1, 2041, and will carry an interest rate of 2.63%.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 5 - LONG-TERM DEBT (concluded)

Principal payments on the debt and interest are due on May 1 and November 1 of every year. Debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Total</u>
2024	\$ 50,000	\$ 28,154	\$ 78,154
2025	51,000	26,839	77,839
2026	52,000	25,484	77,484
2027	54,000	24,104	78,104
2028	55,000	22,683	77,683
2029	56,000	21,224	77,224
2030	58,000	19,738	77,738
2031	60,000	18,200	78,200
2032	61,000	16,622	77,622
2033	62,000	15,004	77,004
2034	64,000	13,361	77,361
2035	66,000	11,664	77,664
2036	68,000	9,915	77,915
2037	69,000	8,127	77,127
2038	71,000	6,299	77,299
2039	73,000	4,419	77,419
2040	75,000	2,485	77,485
2041	38,000	500	38,500
Total	<u>\$ 1,083,000</u>	<u>\$ 274,822</u>	<u>\$ 1,357,822</u>

NOTE 6 - PROPERTY TAX LEVY, COLLECTION AND MAXIMUM RATES

The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless voters have approved an additional amount. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among counties, cities, school districts and other districts. Counties, cities, school districts and other districts may levy such additional tax as is necessary to provide for voter approved debt service.

The County of San Mateo assesses properties, and bills and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on property not secured by liens on real property.

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method” of property tax distribution, known as the Teeter Plan, by the District and the County of San Mateo. The Teeter Plan authorizes the auditor/controller of the County of San Mateo to allocate 100% of the secured property taxes billed, but not yet paid.

Ladera Recreation District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 6 - PROPERTY TAX LEVY, COLLECTION AND MAXIMUM RATES (concluded)

The County of San Mateo remits tax monies to the District in five installments as follows:

5% remitted in November
45% remitted in December
5% remitted in March
35% remitted in April
10% remitted in June

NOTE 7 - RISK MANAGEMENT

The District is insured for general liability and property by the California Association for Park Recreation Insurance, a joint powers agency comprised of California special districts. The District's general liability limits are as follows:

<u>COVERAGE</u>	<u>LIMIT</u>
General Liability	\$25,000,000 per occurrence
Automobile Liability	\$25,000,000 per occurrence
Public Officials and Employee Liability	\$25,000,000 per occurrence

Flood and Earthquake coverage has an annual aggregate limit of \$10,000,000 for floods and \$5,000,000 for earthquake for all member districts. The deductible for all loss or damage arising from the risks of flood or wildfire is \$50,000, and earthquakes are \$50,000 per occurrence or 5% of the value of the building, contents and/or structure damage, whichever is greater.

A \$20,000 deductible applies to any covered claim under Public Officials and Employment Practices Liability for wrongful termination. All-Risks Property Loss coverage is subject to a \$2,000 deductible per occurrence. The employment practices liability coverage deductible can be reduced to \$5,000 by getting an attorney with an employment law background involved prior to termination.

If the attorney reviews the personnel file and advises on what to do prior to termination, and the District follows those instructions, the District would be eligible for the lower deductible. The general and auto liability coverage has a \$0 deductible.

Ladera Recreation District
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Budget and Actual
For the Year Ended December 31, 2023
(Unaudited)

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 352,930	\$ 352,930	\$ 355,445	\$ 2,515
Park and recreation fees	882,665	882,665	921,595	38,930
Investment income	18,000	18,000	35,689	17,689
Total revenues	<u>1,253,595</u>	<u>1,253,595</u>	<u>1,312,729</u>	<u>59,134</u>
Expenditures:				
Park and recreation	<u>1,162,464</u>	<u>1,162,464</u>	<u>881,987</u>	<u>280,477</u>
Total expenditures	<u>1,162,464</u>	<u>1,162,464</u>	<u>881,987</u>	<u>280,477</u>
Excess (deficit) of revenues over (under) expenditures	<u>91,131</u>	<u>91,131</u>	<u>430,742</u>	<u>339,611</u>
Other financing sources (uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>(274,502)</u>	<u>(274,502)</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(274,502)</u>	<u>(274,502)</u>
Net change in fund balance	<u>\$ 91,131</u>	<u>\$ 91,131</u>	156,240	<u>\$ 65,109</u>
Fund balances, beginning of period			<u>1,545,628</u>	
Fund balances, end of period			<u>\$ 1,701,868</u>	