

LIVERMORE AREA RECREATION AND PARK DISTRICT

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2026**

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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LIVERMORE AREA RECREATION AND PARK DISTRICT

JUNE 30, 2026

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Philip Pierpont	Chair	2026
Maryalice Summers Faltings	Vice Chair	2026
David Furst	Director	2026
James Boswell	Director	2028
Jan Palajac	Director	2028

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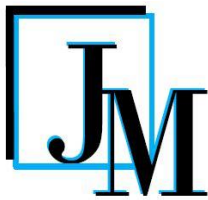
General Manager
Mathew Fuzie

LIVERMORE AREA RECREATION AND PARK DISTRICT

JUNE 30, 2026

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	41
Schedule of District's Proportionate Share of Net OPEB Liability	42
Schedule of Proportionate Share of Net Pension Liability	43
Schedule of Pension Contributions	43
Notes to Required Supplementary Information	44
OTHER INDEPENDENT AUDITOR'S REPORT	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	46



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of the Livermore Area Recreation and Park District (the District), as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Livermore Area Recreation and Park District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of June 30, 2026, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's minimum audit requirements for California special districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

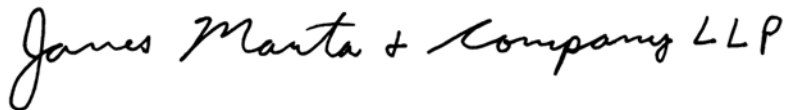
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The script is cursive and fluid, with the letters "J", "M", and "C" being particularly large and stylized.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026

Livermore Area Recreation & Park District's annual financial report includes management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2026.

USING THIS ANNUAL REPORT

Management's Discussion and Analysis is meant to complement the Independent Auditor's Report. Together, these schedules and notes provide a view of the District's financial health and the results of its operations for the year-ended June 30, 2026.

Overview of the financial statements

The District's financial statements present two views of its financial activity. The government-wide Statement of Net Position and Statement of Activities report the District's governmental activities on the accrual basis. They include capital assets, long-term obligations, and pension and other postemployment benefit (OPEB) measurements, regardless of when related cash is received or paid. The governmental fund statements report the General Fund using the current financial resources measurement focus and modified accrual basis. They show resources available for current spending and the year's revenues and expenditures. The reconciliations explain the differences between the fund and government-wide results. The notes provide further information about accounting policies and individual balances. Required supplementary information includes the General Fund budgetary comparison and pension and OPEB trend schedules.

Financial summary

The District's government-wide net position increased \$1,102,405 to \$58,380,922 at June 30, 2026. The following condensed information compares fiscal years 2026 and 2025. Fiscal year 2026 presents the net pension and OPEB assets separately from liabilities.

Governmental activities financial position	2026	2025	Change
Other assets, including pension and OPEB assets	\$16,146,479	\$12,630,559	\$3,515,920
Capital assets, net	<u>\$60,175,180</u>	<u>\$61,903,819</u>	<u>\$(1,728,639)</u>
Total assets	<u>\$76,321,659</u>	<u>\$74,534,378</u>	<u>\$1,787,281</u>
Deferred outflows of resources	\$1,998,801	\$2,125,233	\$(126,432)
Other liabilities	\$2,347,462	\$2,833,895	\$(486,433)
Long-term liabilities, including current maturities	<u>\$12,103,808</u>	<u>\$14,252,228</u>	<u>\$(2,148,420)</u>
Total liabilities	\$14,451,270	\$17,086,123	\$(2,634,853)
Deferred inflows of resources	\$5,488,268	\$2,294,971	\$3,193,297
Net investment in capital assets	\$59,544,656	\$61,115,664	\$(1,571,008)
Restricted net position	\$489,328	\$380,050	\$109,278
Unrestricted net position	\$(1,653,062)	\$(4,217,197)	\$2,564,135
Total net position	<u>\$58,380,922</u>	<u>\$57,278,517</u>	<u>\$1,102,405</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026

Financial summary (Continued)

The District reported a net pension asset of \$2,703,647 and a net OPEB asset of \$82,022 at June 30, 2026, compared with pension and OPEB liabilities of \$441,411 and \$856,927 at June 30, 2025. These actuarial measurements, along with related deferred inflows and outflows, contributed substantially to the changes in the gross asset and liability captions. They are not amounts immediately available to fund District operations. Capital assets declined \$1,728,639, as depreciation and equipment disposals exceeded the net addition of capital assets. The District repaid \$720,000 of pension obligation bond principal and \$157,631 of PG&E on-bill financing during the year.

Unrestricted net position improved \$2,564,135 but remained negative at (\$1,653,062). Net investment in capital assets was \$59,544,656, or approximately 102.0% of total net position. Restricted net position of \$489,328 is subject to external restrictions. Because capital assets provide services rather than spendable resources and pension and OPEB balances are actuarial measurements, these net position categories should not be interpreted as cash available for current programs.

The following summarizes the change in government-wide net position.

Governmental activities results	2026	2025	Change
Charges for services	\$9,452,528	\$8,595,201	\$857,327
Operating grants and contributions	\$473,427	\$547,913	\$(74,486)
Capital grants and contributions	\$1,858,047	\$237,936	\$1,620,111
Total program revenues	\$11,784,002	\$9,381,050	\$2,402,952
Property taxes	\$16,643,643	\$16,130,648	\$512,995
Miscellaneous general revenues	\$90,331	\$128,482	\$(38,151)
Total general revenues	\$16,733,974	\$16,259,130	\$474,844
Total revenues	\$28,517,976	\$25,640,180	\$2,877,796
Parks and recreation expenses	\$27,415,571	\$28,430,931	\$(1,015,360)
Change in net position	\$1,102,405	\$(2,790,751)	\$3,893,156
Beginning net position	\$57,278,517	\$60,069,268	\$(2,790,751)
Ending net position	\$58,380,922	\$57,278,517	\$1,102,405

Total revenues increased \$2,877,796, or 11.2%, from fiscal year 2025. Capital grants and contributions increased \$1,620,111 as the District recognized greater capital development resources for its projects. Charges for services increased \$857,327, or 10.0%; management attributes the increase primarily to expanded program capacity and enrollment, particularly Extended Student Services. Property tax revenue increased \$512,995, or 3.2%. Operating grants and contributions declined \$74,486.

Parks and recreation expenses decreased \$1,015,360, or 3.6%, from fiscal year 2025. This comparison reflects changes in accrual-basis pension and OPEB measurements and the capitalization of a larger share of the year's spending, as well as current operating costs. ACERA reported pension income of \$316,072 for fiscal year 2026, compared with pension expense of \$516,099 for fiscal year 2025. OPEB expense declined from \$86,601 to \$20,270. These noncash changes helped offset higher personnel spending in the General Fund. Depreciation expense was \$3,988,587, compared with \$3,694,964 in fiscal year 2025.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026

Detailed analysis of the General Fund

The General Fund is the District's only governmental fund. Its revenues increased \$2,877,796 from \$25,640,180 to \$28,517,976. Capital development revenue increased substantially with project funding, while taxes and earned income also increased. General Fund expenditures increased \$1,582,316, from \$25,817,502 to \$27,399,818. Most of that increase was capital outlay, which rose \$1,656,668 from \$599,568 to \$2,256,236. Operating expenditures declined \$74,352 to \$25,143,582. Within operating expenditures, salaries and benefits rose \$703,770 to \$16,064,094, while the aggregate of other operating costs fell \$778,122 to \$9,079,488.

General Fund revenues exceeded expenditures by \$1,118,158, compared with a decrease in fund balance of \$177,322 in fiscal year 2025. The ending fund balance was \$11,017,173. Of that amount, \$489,328 was restricted, \$1,496,131 was committed, \$1,755,984 was assigned, and \$7,275,730 was unassigned. The committed and assigned resources reflect District-designated purposes and budget contingency; restricted resources are subject to the terms of external providers. The notes to the financial statements provide the specific purposes. The year's budget changes and significant budget-to-actual variances are explained in the notes to required supplementary information.

The difference between the \$1,118,158 increase in General Fund balance and the \$1,102,405 increase in government-wide net position arises chiefly because capital outlay and debt principal are expenditures in the fund statements, while capital assets are capitalized and debt repayments reduce liabilities in the government-wide statements. Depreciation, compensated absences, accrued interest, and pension and OPEB measurements also affect the government-wide results. The reconciliations following the fund statements quantify these differences.

Significant capital asset and long-term financing activity

Capital assets, net of accumulated depreciation, totaled \$60,175,180 at June 30, 2026, a decline of \$1,728,639, or 2.8%. The following table summarizes their carrying amounts.

Capital asset category	2026	2025	Change
Land	\$33,528,552	\$33,513,302	\$15,250
Construction in progress	\$2,109,286	\$583,015	\$1,526,271
Depreciable capital assets at cost	\$111,333,619	\$110,838,971	\$494,648
Total historical cost	\$146,971,457	\$144,935,288	\$2,036,169
Less accumulated depreciation	\$(86,796,277)	\$(83,031,469)	\$(3,764,808)
Capital assets, net	<u>\$60,175,180</u>	<u>\$61,903,819</u>	<u>\$(1,728,639)</u>

Construction in progress increased \$1,526,271 and included \$1,938,303 attributed to the Sunken Gardens Pump Track at June 30, 2026. Other projects in progress included the Sycamore Grove Amphitheater, Mocho Community Gardens, and the Bruno Canziani Irrigation Expansion. Projects totaling \$550,802 were transferred from construction in progress into land and park improvements. Direct additions included roof replacements at Trevarno and Sunset ESS and equipment for park and pool operations. Equipment with a historical cost of \$234,261 and net book value of \$10,482 was retired. Depreciation of \$3,988,587 exceeded the year's net external capital additions. See Note 3 for the complete asset rollforward.

LIVERMORE AREA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026

Significant capital asset and long-term financing activity (Continued)

Long-term liabilities category	2026	2025	Change
Pension obligation bonds	\$9,830,000	\$10,550,000	(\$720,000)
PG&E On-Bill Financing	\$630,524	\$788,155	(\$157,631)
Compensated absences	<u>1,643,284</u>	<u>1,615,735</u>	<u>\$27,549</u>
Total	<u>\$12,103,808</u>	<u>\$12,953,890</u>	<u>(\$850,082)</u>

Pension obligation bond principal declined from \$10,550,000 to \$9,830,000, and PG&E on-bill financing declined from \$788,155 to \$630,524. No new long-term borrowing appears in the fiscal year 2026 debt rollforward. Contractual principal payments due in fiscal year 2027 total \$887,631, comprising \$730,000 on the pension obligation bonds and \$157,631 on PG&E financing. The District also reported \$1,643,284 of compensated absences at year-end, an increase of \$27,549.

Currently known facts decisions and conditions

At June 30, 2026, \$2,109,286 of capital projects was recorded as construction in progress. Completion of these projects and the scheduled \$887,631 of debt principal payments will affect the District's capital and financing activity in fiscal year 2027.

For fiscal year 2026-27, the District anticipates approximately a 2.5% increase in general property tax revenue, which is expected to generate approximately \$350,000 in additional revenue. In addition, the District's Special Tax 97-1 is expected to increase by approximately 2%, resulting in approximately \$55,000 of additional revenue. These increases, combined with a modest increase in revenues from operations, are expected to contribute to the General Fund balance and provide resources to support ongoing operations and address deferred maintenance needs.

One significant deferred maintenance project anticipated within the next one to two years is the replacement of the roofs at the Robert Livermore Community Center, which is currently estimated to cost approximately \$1 million. The District will continue to evaluate the timing and funding of this and other deferred maintenance needs as part of its ongoing capital planning.

BASIC FINANCIAL STATEMENTS

LIVERMORE AREA RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	
Available for operations	\$ 747,744
Cash Equivalent	7,538,542
Available for restricted programs	3,741,443
Accounts receivable	1,333,081
Net pension asset (Note 5)	2,703,647
Net OPEB asset (Note 6)	82,022
Capital assets, net of accumulated depreciation (Note 3)	60,175,180
Total Assets	<u>76,321,659</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (Note 5)	1,694,741
Deferred outflows related to OPEB (Note 6)	304,060
Total Deferred Outflows of Resources	<u>1,998,801</u>
LIABILITIES	
Accounts payable	818,812
Accrued salaries and wages	533,334
Accrued liabilities	299,893
Unearned revenue	695,423
Long-term liabilities:	
Due within one year	887,631
Due in more than one year	11,216,177
Total Liabilities	<u>14,451,270</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (Note 5)	4,179,667
Deferred inflows related to OPEB (Note 6)	1,124,376
Deferred gain on pension obligation bonds	184,225
Total Deferred Inflows of Resources	<u>5,488,268</u>
NET POSITION	
Net investment in capital assets	59,544,656
Restricted	489,328
Unrestricted	(1,653,062)
Total Net Position	<u>\$ 58,380,922</u>

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges For Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental activities:					
Parks and Recreation	<u>\$ 27,415,571</u>	<u>\$ 9,452,528</u>	<u>\$ 473,427</u>	<u>\$ 1,858,047</u>	<u>\$ (15,631,569)</u>
General revenues:					
					16,643,643
					90,331
					<u>16,733,974</u>
					1,102,405
					<u>57,278,517</u>
					<u>\$ 58,380,922</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2026

	<u>General Fund</u>
ASSETS	
Cash and investments (Note 2)	
Available for operations	\$ 741,409
Cash Equivalent	7,538,542
Petty cash	6,335
Available for restricted programs	3,741,443
Accounts receivable	1,333,081
Total Assets	<u><u>\$ 13,360,810</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 814,987
Accrued salaries and wages	533,334
Accrued liabilities	299,893
Unearned revenue	695,423
Total Liabilities	<u>2,343,637</u>
Fund Balances (Note 8):	
Restricted	489,328
Committed	1,496,131
Assigned	1,755,984
Unassigned	7,275,730
Total Fund Balance	<u>11,017,173</u>
Total Liabilities and Fund Balance	<u><u>\$ 13,360,810</u></u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2026

Total fund balances - governmental funds	\$ 11,017,173
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.

Deferred outflows of resources relating to pensions	1,694,741
Deferred inflows of resources relating to pensions	(4,179,667)

Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	304,060
Deferred inflows of resources relating to OPEB	(1,124,376)

Unamortized costs: In governmental funds, debt issue costs and premiums are recognized in the period they are incurred. In the government-wide statements, debt issue costs and premiums are amortized over the life of the debt. Unamortized debt issue costs and premiums included in deferred inflows and outflows on the statement of net position are:

Deferred gain on pension obligation bonds	(184,225)
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(3,825)

Capital Assets: In governmental funds only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	146,971,457	
Accumulated depreciation	(86,796,277)	
Capital assets, net		60,175,180

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

PG&E on-bill financing	(630,524)
Pension obligation bonds	(9,830,000)
Net pension (liability) asset	2,703,647
Net OPEB (liability) asset	82,022
Compensated absences	(1,643,284)

Total net position - governmental activities	\$ 58,380,922
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LIVERMORE AREA RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	<u>General Fund</u>
REVENUES	
Taxes	\$ 16,643,643
Earned income	9,925,955
Capital development/California COVID relief fund	1,858,047
Other revenues	90,331
Total revenues	<u>28,517,976</u>
EXPENDITURES	
Salaries and employee benefits	16,064,094
Services and supplies	490,778
Maintenance	1,143,474
Utilities	2,334,054
Professional service	935,856
Communications	191,356
Transportation	141,799
Training & Conferences	22,839
District legal expense	185,585
Program services and supplies	189,363
Insurance	894,395
Instructor and sports officials	546,761
Rents and leases	563,107
Debt service	1,118,047
Field Trips & Events	78,792
Finance Charge and Interest	170,894
Licensing	27,623
Publications and Legal	4,648
Memberships	38,715
Miscellaneous	1,402
Total operating expenditures	<u>25,143,582</u>
Capital outlay	<u>2,256,236</u>
Total expenditures	<u>27,399,818</u>
Net change in fund balance	1,118,158
Fund balance - July 1, 2025	<u>9,899,015</u>
Fund balance - June 30, 2026	<u><u>\$ 11,017,173</u></u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Net change in fund balances	\$ 1,118,158
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Acquisitions of capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 2,259,948	
Depreciation expense	<u>(3,988,587)</u>	(1,728,639)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and earned was:	(27,549)
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Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	877,631
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	98,526
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Amortization of deferred gain or loss from debt issuance: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt issuance, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt issuance, for the period is:	15,905
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Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	768,643
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OPEB: In government funds, OPEB costs are recognized when employer contributions are made in the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:	<u>(20,270)</u>
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Change in net position of governmental activities	<u><u>\$ 1,102,405</u></u>
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LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

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

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

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, Governmental fund revenues are recognized when measurable and available. Property taxes are considered available if collected within 60 days after fiscal year-end. Other revenues are considered available within the District's documented availability period when collectible soon enough to pay current-period liabilities. Grants and other nonexchange revenues also are recognized only when applicable eligibility requirements are met.

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FUND ACCOUNTING

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

Governmental Fund

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

E. CASH AND CASH EQUIVALENTS

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

F. CAPITAL ASSETS

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

Asset	Years
Buildings	30
Machines and Equipment	10
Parks and Recreation Areas	10
Vehicles	5

G. ACCOUNTS RECEIVABLE

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. COMPENSATED ABSENCES

District employees are entitled to certain compensated absences based on the length of their employment, which will be paid to them upon separation from the District. Compensated absences accumulate and are accrued when they are earned and reported as a liability in the government-wide financial statements. The balance at June 30, 2026 was \$1,643,284.

I. FUND BALANCE

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

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

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

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

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

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

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

J. RESTRICTED NET POSITION

The government-wide statement of net position reports restricted net position at June 30, 2026 as \$489,328, which is restricted by the funding source for the programs indicated.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. PROPERTY TAXES

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

L. USE OF ESTIMATES

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

M. RECLASSIFICATIONS

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

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance as described in Note 9.

O. INCOME TAXES

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. PENSIONS

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

Q. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

R. DEFERRED INFLOWS AND OUTFLOWS

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

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

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

As of June 30, 2026, the District had deferred outflows of \$1,998,801 and deferred inflows of \$5,488,268.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

S. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$4,860,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2026, the District did not have any financial leases that met the threshold.

T. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, \$1,250,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2026, the District did not have any subscription based information technology agreements that met the threshold.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

2. CASH AND INVESTMENTS

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

The District's cash balances at June 30, 2026:

Alameda County Treasurer - General	484,087
US Bank - General Account	242,835
US Bank - Merchant Card Account	14,487
Petty Cash	<u>6,335</u>
Total Cash Available for Operations	<u>\$ 747,744</u>

Cash and investments are presented in following categories on the statement of net position at June 30, 2026:

<u>Cash and investments</u>	
Available for operations	\$ 747,744
US Bank - CAMP	7,538,542
Available for restricted programs	<u>3,741,443</u>
Total Cash and investments	<u>\$ 12,027,729</u>

Pooled Funds

The District maintains substantially all of its cash in the Alameda County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The weighted-average maturity of the investment portfolio was 2.14 years as of June 30, 2026.

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

In accordance with applicable State laws, the Alameda County Treasurer may invest in derivative securities. However, at June 30, 2026, the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

2. CASH AND INVESTMENTS (CONTINUED)

Deposits - Custodial Credit Risk

The carrying amount of the District's accounts with US Bank at June 30, 2026 was \$257,322 and the bank balance was \$274,157. Deposits held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All cash held by financial institutions at June 30, 2026 was fully insured or collateralized.

California Asset Management Program:

Livermore Area Recreation and Park District places funds with the California Asset Management Program (CAMP), a California Joint Powers Authority. CAMP provides California Public Agencies with comprehensive investment management and accounting services. CAMP is a local government investment pool managed under a separate agreement with PFM Asset Management, LLC. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

3. PROPERTY AND EQUIPMENT

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets, not being depreciated:				
Land	\$ 33,513,302	\$ 15,250	\$ -	\$ 33,528,552
Construction in progress	583,015	2,077,073	550,802	2,109,286
Total	<u>34,096,317</u>	<u>2,092,323</u>	<u>550,802</u>	<u>35,637,838</u>
Capital assets, being depreciated:				
Buildings	49,154,428	123,820	-	49,278,248
Park Improvements	57,551,290	535,552	-	58,086,842
Equipment	4,133,253	69,537	234,261	3,968,529
Total	<u>110,838,971</u>	<u>728,909</u>	<u>234,261</u>	<u>111,333,619</u>
Accumulated Depreciation				
Buildings	33,584,653	1,519,281	-	35,103,934
Park Improvements	45,891,252	2,281,139	-	48,172,391
Equipment	3,555,564	188,167	223,779	3,519,952
Total	<u>83,031,469</u>	<u>3,988,587</u>	<u>223,779</u>	<u>86,796,277</u>
Net Capital Assets being depreciated	<u>27,807,502</u>	<u>(3,259,678)</u>	<u>10,482</u>	<u>24,537,342</u>
Capital Assets, net	<u>\$ 61,903,819</u>	<u>\$ (1,167,355)</u>	<u>\$ 561,284</u>	<u>\$ 60,175,180</u>

Depreciation expense of \$3,988,587 was all charged to the Parks and Recreation function.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

4. LONG- TERM LIABILITIES

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2026 is as follows:

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026	Due Within One Year
Pension Obligation Bonds	\$ 10,550,000	\$ -	\$ 720,000	\$ 9,830,000	\$ 730,000
PG&E On-Bill Financing	788,155	-	157,631	630,524	157,631
Compensated Absences	1,615,735	27,549	-	1,643,284	-
Total	\$ 12,953,890	\$ 27,549	\$ 877,631	\$ 12,103,808	\$ 887,631

The District also reported a net pension asset of \$2,703,647 and a net OPEB asset of \$82,022 at June 30, 2026. The corresponding June 30, 2025 balances were net pension and OPEB liabilities of \$441,411 and \$856,927, respectively. See Notes 5 and 6.

Net Pension Liability

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

Net OPEB Liability

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

PG&E On-Bill Financing

The District received an interest-free loan through PG&E in the amount of \$1,576,310 to finance an energy-efficient retrofit project. The loan calls for monthly payments of \$13,136 for 120 months beginning in January 2020. In May 2020, the District received a 6-month loan deferral until December 2020. Future loan payments are as follows:

Year Ended June 30	Payments
2027	\$ 157,631
2028	157,631
2029	157,631
2030	157,631
Total	\$ 630,524

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

4. LONG- TERM LIABILITIES (CONCLUDED)

Pension Obligation Bonds

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

Year Ended June 30	Principal	Interest	Total Payment
2027	\$ 730,000	\$ 236,462	\$ 966,462
2028	740,000	225,352	965,352
2029	755,000	212,609	967,609
2030	765,000	198,151	963,151
2031	785,000	181,971	966,971
2032-2036	4,205,000	618,086	4,823,086
2037-2041	1,850,000	81,329	1,931,329
Total	<u>\$ 9,830,000</u>	<u>\$ 1,753,960</u>	<u>\$ 11,583,960</u>

5. EMPLOYEE RETIREMENT SYSTEM

Plan Description

Plan Administration

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

Benefits Provided

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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

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

The Plans' provisions and benefits in effect at June 30, 2026, are summarized as follows:

General Tier	ACERA		
	1	3	4
		On or after	On or after
Hire date	Various	October 1, 2008	January 1, 2013
Benefit formula	2% @ 57	2.5% @ 55	2.5% @ 67
Benefit vesting schedule	5 yrs. of service	5 yrs. of service	5 yrs. of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	57	55	67
Monthly benefits, as a % of eligible compensation	varies	varies	varies
Required employee contribution rates	7.36% - 16.11%	9.24% - 18.20%	9.00%
Required employer contribution rates	13.00%	18.83%	10.98%

Plan Membership

At December 31, 2025 measurement date, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	11,405
Inactive vested members entitled to but not yet receiving benefits	4,146
Active members	12,143
Total	27,694

Contributions

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

For the year ended June 30, 2026 and 2025, employer contributions by the District to ACERA were \$439,241 and \$419,637, respectively.

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

As of June 30, 2026, the District reported net pension assets for its proportionate share of the net pension asset of \$2,703,647.

Livermore Area Recreation and Park District's net pension liability for the Plan is measured as the proportionate share of the net pension asset. The net pension asset of the Plan is measured as of December 31, 2025, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024 rolled forward to December 31, 2025. Livermore Area Recreation and Park District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2026 and 2025 is shown below:

	<u>ACERA</u>
Proportion - June 30, 2026	-0.569%
Proportion - June 30, 2025	0.030%
Change	<u>-0.599%</u>

For the year ended June 30, 2026, the District recognized pension income of \$316,072. At June 30, 2026, the District deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ACERA</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 439,241	\$ -
Changes in proportion*	-	25,365
Changes of assumptions or other inputs	-	260,556
Net difference between projected and actual earnings on pension plan investments (if any)	-	3,533,435
Difference between expected and actual experience in the Total Pension Liability	1,255,500	360,311
Total	<u>\$ 1,694,741</u>	<u>\$ 4,179,667</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date of December 31, 2025, will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	\$ 339,700
2028	(1,743,580)
2029	(855,939)
2030	(664,348)
Thereafter	-
Total	\$ (2,924,167)

Actuarial Assumptions

Actuarial Assumptions – The total pension liabilities in the June 30, 2026 reporting period were determined using the following actuarial assumptions:

	ACERA
Valuation Date	December 31, 2024
Measurement Date	December 31, 2025
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	2.50%
Payroll Growth Rate	3.00%
Projected Salary Increase	General: 8.00% to 3.45%, vary by service, including inflation
Investment Rate of Return ⁽¹⁾	7.00%

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

Mortality assumptions were based on the following tables:

- *Healthy* - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
- *Disables* - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates unadjusted for males and decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2025. Our understanding is that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the Supplemental Retiree Benefits Reserve (SRBR), does not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, we have treated future allocations to the SRBR as an additional outflow against the Plan FNP in the GASB crossover test, as mentioned earlier in Section 1. Again, we are estimating that the additional outflow would average approximately 0.75% of assets over time, based on the results of our stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025.

The long-term expected rate of return on pension plan investments¹⁵ was determined in 2023 using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses¹⁶ and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial funding valuation as of December 31, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5. EMPLOYEE RETIREMENT SYSTEM (CONCLUDED)

Asset Class	Target Allocation	Long-Term Expected
		Arithmetic Real Rate of Return*
US Large Cap Equity	21.60%	6.00%
US Small Cap Equity	2.40%	6.65%
International Developed Equity	16.30%	7.01%
International Small Cap Equity	2.90%	7.34%
Emerging Markets Equity	4.80%	8.80%
Core Fixed Income	10.50%	1.97%
High Yield Bonds	1.50%	4.63%
Global Fixed Income	2.00%	1.17%
Private Equity	11.00%	9.84%
Core Real Estate	6.30%	3.86%
Value Added Real Estate	1.80%	6.70%
Opportunistic Real Estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private Credit	4.00%	6.47%
Absolute Return	8.00%	2.10%
Infrastructure	5.10%	7.30%
Total	100.0%	5.89%

* Arithmetic real rates of return are net of inflation.

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

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

	ACERA		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability/(Asset)	\$ 5,271,737	\$ (2,703,647)	\$ (9,204,786)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2026, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2026.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan membership. At December 31, 2025 measurement date, OPEB plan membership consisted of the following:

Retired members currently receiving medical benefits	6,888
Retired members currently receiving dental and vision benefits	8,620
Vested terminated members entitled to, but not yet receiving benefits	547
Active members	12,143
Total	28,198

Benefits provided. ACERA provides benefits to eligible employees.

Eligibility

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

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

Other Postemployment Benefits (OPEB)

Monthly Medical Allowance

For retirees not purchasing individual insurance through the Medicare Insurance Exchange, a Maximum Monthly Medical Allowance of \$662.37 per month is provided, effective January 1, 2025 and through December 31, 2025. For the period January 1, 2026 through December 31, 2026, the maximum allowance is \$687.21 per month. For those purchasing individual insurance through the Individual Medicare Insurance Exchange, the Maximum Monthly Medical Allowance is \$507.43 per month for 2025 and is \$526.46 per month in 2026.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

These allowances are subject to the following subsidy schedule:

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

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

Medicare Benefit Reimbursement Plan

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

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

Dental and Vision Plans

The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premium is \$55.68 in 2025 and \$58.98 in 2026. The eligibility for these premiums is as follows:

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

Note about the Monthly Medical Allowance

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

Deferred Benefit

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

Death Benefit

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2026, the District reported a net OPEB asset of \$82,022 for its proportionate share of the collective net OPEB asset. The collective net OPEB liability was measured as of December 31, 2025, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2025, the District's proportion was 0.364%, a decrease of 0.010 percentage points from 0.374% at December 31, 2024.

For the year ended June 30, 2026, the District recognized OPEB expense of \$20,270. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ 6,957	\$ 75,179
Changes of assumptions or other inputs	297,103	79,656
Net difference between projected and actual earnings on OPEB plan investments	-	724,323
Difference between expected and actual experience in the Total OPEB Liability	-	245,218
Total	<u>\$ 304,060</u>	<u>\$ 1,124,376</u>

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

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2027	\$ 80,959
2028	(374,894)
2029	(302,119)
2030	(260,310)
2031	25,124
Thereafter	10,924
Total	<u>\$ (820,316)</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The actuarial assumptions used for the December 31, 2025 valuation were based on the results of the experience study for the period from December 1, 2019 through November 30, 2022 that were approved by the Board effective with the December 31, 2023 valuation, the non-trend retiree health assumption letter dated May 15, 2024, and the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2025 (reference: our letter dated March 11, 2026). The assumptions used in the December 31, 2025 SRBR OPEB actuarial valuation for ACERA were applied to all periods included in the measurement:

December 31, 2025

Inflation	2.50%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	8.00% graded to ultimate 4.50% over 14 years
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years
Dental	5.00% graded to ultimate 4.00% over 2 years
Vision	3.00%
Medicare Part B	6.75% until 2033, then 6.25% graded to ultimate 4.50% over 4 years

Actuarial assumptions. The actuarial assumptions used for the December 31, 2024 valuation were based on the results of the experience study for the period from December 1, 2019 through November 30, 2022 that were approved by the Board effective with the December 31, 2023 valuation, the non-trend retiree health assumption letter dated May 15, 2024, and the health care trend assumptions recommended for the upcoming sufficiency study for the SRBR as of December 31, 2024 (reference: our letter dated March 21, 2025). The assumptions used in the December 31, 2024 SRBR OPEB actuarial valuation for ACERA were applied to all periods included in the measurement:

December 31, 2024

Inflation	2.50%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	7.75% graded to ultimate 4.50% over 13 years
Medicare medical plan	7.50% graded to ultimate 4.50% over 12 years
Dental	6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years
Vision	3.00%
Medicare Part B	6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments¹² was determined in 2023 using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (including investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of December 31, 2025 and December 31, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected
		Arithmetic Real Rate of Return
US Large Cap Equity	21.60%	6.00%
US Small Cap Equity	2.40%	6.65%
International Developed Equity	16.30%	7.01%
International Small Cap Equity	2.90%	7.34%
Emerging Markets Equity	4.80%	8.80%
Core Fixed Income	10.50%	1.97%
High Yield Bonds	1.50%	4.63%
Global Fixed Income	2.00%	1.17%
Private Equity	11.00%	9.84%
Core Real Estate	6.30%	3.86%
Value Added Real Estate	1.80%	6.70%
Opportunistic Real Estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private Credit	4.00%	6.47%
Absolute Return	8.00%	2.10%
Infrastructure	5.10%	7.30%
Total	100.00%	5.89%

The discount rate used to measure the TOL was 7.00% as of December 31, 2025. The projection of cash flows used to determine the discount rate assumed benefits are paid out of current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB Plan FNP was projected to be available to make all projected future benefits payments for current plan members.¹⁴ Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of December 31, 2025.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to changes in the discount rate. The following presents the NOL of ACERA as of December 31, 2025, calculated using the discount rate of 7.00%, as well as what ACERA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the collective net OPEB liability/(asset)	\$ 645,050	\$ (82,022)	\$ (682,779)

Sensitivity of the Net OPEB liability (Asset) to changes in the health care cost trend rate. The following presents the NOL of ACERA as of December 31, 2025, calculated using the current trend rate as well as what ACERA's NOL would be if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

	1% Decrease	Current Trend Rates	1% Increase
District's proportionate share of the collective net OPEB liability/(asset)	\$ (739,801)	\$ (82,022)	\$ 730,507

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

Payables to the OPEB plan. At June 30, 2026, the District had no outstanding amount of contributions to the OPEB plan required.

7. DEFERRED COMPENSATION

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

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

8. Deferred Gain on Pension Obligation Bonds

At June 30, 2026, the government had outstanding pension obligation bonds issued to finance a portion of its net pension liability. The related refunding transaction resulted in a deferred gain, which is reported as a deferred inflow of resources and amortized as a reduction of interest expense over the remaining life of the refunded debt, in accordance with GASB debt refunding guidance and the government's policy on deferred inflows of resources.

Deferred Gain – Schedule of Amortization

The balance of the deferred gain on pension obligation bonds and its expected recognition in future periods is as follows:

Year Ended June 30	Principal
2027	\$ 15,905
2028	15,905
2029	15,905
2030	15,905
2031	15,905
2032-2036	79,525
2037-2038	25,175
Total	<u>\$ 184,225</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

9. FUND BALANCES

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

	General Fund
Nonspendable:	
Prepaid Expenses	\$ -
Total Nonspendable	-
Restricted:	
Buckley Trust	340,333
Schurman	47,213
Sycamore Grove	101,782
Total Restricted	489,328
Committed:	
Annual Debt Service - Pension Obligation Bonds	957,161
Annual Debt Service - PG&E On-Bill Financing	189,040
Deferred Maintenance	217,089
ESS Reserve	132,841
Total Committed	1,496,131
Assigned:	
Budget Contingency	1,755,984
Total Assigned	1,755,984
Unassigned:	
Unappropriated	7,275,730
Total Unassigned	7,275,730
Total Fund Balances	\$ 11,017,173

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

10. JOINT VENTURE

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

CAPRI provided liability, property and workers' compensation coverage for the District. CAPRI is governed by a Board consisting of representatives from member agencies. The Board controls their operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available separately from California Association for Park and Recreation Indemnity at 1075 Creekside Ridge Drive, Suite 240, Roseville, CA 95678. Condensed information for CAPRI is as follows:

	<u>CAPRI</u>
A. <u>Entity</u>	
B. <u>Purpose</u>	To pool member contributions and realize the advantages of self-insurance.
C. <u>Participants</u>	As of June 30, 2025, 58 member districts.*
D. <u>Governing Board</u>	Seven representatives employed by members.
E. <u>Payments for the Current Year</u>	<u>\$ 1,191,199</u>
F. <u>Condensed Financial Information</u>	<u>June 30, 2025*</u> <u>(Audited)</u>
Total Assets and Deferred Outflows	<u>\$ 44,829,739</u>
Total Liabilities and Deferred Inflows	<u>\$ 22,070,053</u>
Net Position	<u>22,759,686</u>
Total Liabilities and Net Position	<u>\$ 44,829,739</u>
Total Revenues	<u>\$ 21,546,786</u>
Total Expenses	<u>(17,675,632)</u>
Change in Net Position	<u>\$ 3,871,154</u>
<u>Member Agencies Share of Year-End Assets, Liabilities, or Net Position</u>	<u>**</u>

* Most current information available.

** Has not been calculated.

LIVERMORE AREA RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

10. CONTINGENT LIABILITIES

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

11. COMMITMENTS

In December 2019, the District entered into a power purchase agreement for electricity at a fixed rate for a period of 20 years beginning when the seller completes the project. As of June 30, 2026, the District incurred electricity costs under its power purchase agreement totaling \$549,060.

13. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2026 financial statements for subsequent events through October 16, 2026, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LIVERMORE AREA RECREATION AND PARK DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts			Variance with Original Budget Increase (Decrease)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual		
REVENUES					
Taxes	\$ 16,778,567	\$ 16,584,796	\$ 16,643,643	(193,771)	\$ 58,847
Earned income	9,199,580	9,588,586	9,925,955	389,006	337,369
Capital development/California COVID Relief Fund	-	-	1,858,047	-	1,858,047
Other Revenues	-	-	90,331	-	90,331
Total revenues	25,978,147	26,173,382	28,517,976	195,235	2,344,594
EXPENDITURES					
Salaries and employee benefits	16,269,957	16,511,873	16,064,094	(241,916)	447,779
Services and supplies	9,477,341	9,386,111	9,079,488	91,230	306,623
Total operating expenditures	25,747,298	25,897,984	25,143,582	(150,686)	754,402
Capital Outlay	1,938,000	2,308,461	2,256,236	(370,461)	52,225
Total expenditures	27,685,298	28,206,445	27,399,818	(521,147)	806,627
Net change in fund balance	(1,707,151)	(2,033,063)	1,118,158	(325,912)	3,151,221
Fund balance - July 1, 2025	9,899,015	9,899,015	9,899,015	-	-
Fund balance - June 30, 2026	<u>\$ 8,191,864</u>	<u>\$ 7,865,952</u>	<u>\$ 11,017,173</u>	<u>\$ (325,912)</u>	<u>\$ 3,151,221</u>

LIVERMORE AREA RECREATION AND PARK DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	2018	2019	2020	2021	2022	2023	2024	2025	2026
District's proportion of the collective net OPEB liability/(asset)	0.42%	0.41%	0.44%	0.48%	0.43%	0.41%	0.40%	0.37%	0.36%
District's proportionate share of the collective net OPEB liability/(asset)	\$ 116,763	\$ 950,150	\$ 495,308	\$ 32,184	\$(1,801,299)	\$ 790,699	\$ 840,832	\$ 856,927	\$ (82,022)
District's covered payroll	\$ 4,254,668	\$ 4,585,695	\$ 4,434,257	\$ 3,765,062	\$ 3,622,647	\$ 3,660,089	\$ 3,620,770	\$ 3,521,695	\$ 3,660,089
District's proportionate share of the collective net OPEB liability/(asset) as a percentage of its covered payroll	2.74%	20.72%	11.17%	0.85%	-49.72%	21.60%	23.22%	24.33%	-2.24%
Plan fiduciary net position as a percentage of the total OPEB liability	97.33%	77.91%	89.57%	99.44%	134.96%	84.47%	83.57%	82.79%	101.54%

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

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

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

LIVERMORE AREA RECREATION AND PARK DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Schedule of Proportionate Share of the Net Pension Liability

Year Ended June 30,	(a) District's proportion of the Net Pension Liability/ (Asset)	(b) District's proportionate share of Net Pension Liability/(Asset)	(c) Covered payroll	(b/c) District's proportionate share of the net pension liability/(asset) as a percentage of its	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2026	-0.56900%	\$ (2,703,647)	\$ 3,660,089	-73.87%	103.77%
2025	0.03000%	\$ 441,411	\$ 3,521,695	12.53%	99.36%
2024	0.07400%	\$ 1,287,425	\$ 3,620,770	35.56%	98.07%
2023	0.25200%	\$ 5,617,872	\$ 3,625,722	154.94%	91.51%
2022	-0.61600%	\$ (4,882,346)	\$ 3,622,647	-134.77%	107.51%
2021	0.64400%	\$ 14,126,234	\$ 3,765,062	375.19%	78.44%
2020	0.64000%	\$ 13,701,573	\$ 4,434,257	308.99%	77.82%
2019	0.57200%	\$ 15,804,862	\$ 4,585,695	344.66%	72.74%
2018	0.35900%	\$ 7,228,288	\$ 4,254,668	169.89%	82.99%
2017	0.38500%	\$ 8,644,696	\$ 4,548,036	190.08%	77.76%
2016	0.48300%	\$ 9,288,497	\$ 4,485,863	207.06%	75.39%

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

Schedule of Pension Contributions

Year Ended June 30,	Contractually required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2026	\$ 1,532,429	\$ 1,532,429	\$ -	\$ 3,660,089	41.87%
2025	\$ 1,472,280	\$ 1,472,280	\$ -	\$ 3,521,695	41.81%
2024	\$ 1,500,857	\$ 1,500,857	\$ -	\$ 3,620,770	41.45%
2023	\$ 1,514,139	\$ 1,514,139	\$ -	\$ 3,620,770	41.82%
2022	\$ 1,422,470	\$ 1,422,470	\$ -	\$ 3,625,722	39.23%
2021	\$ 1,490,917	\$ 1,490,917	\$ -	\$ 3,622,647	41.16%
2020	\$ 1,306,574	\$ 1,306,574	\$ -	\$ 3,765,062	34.70%
2019	\$ 1,100,236	\$ 1,100,236	\$ -	\$ 4,434,257	24.81%
2018	\$ 1,049,843	\$ 1,049,843	\$ -	\$ 4,585,695	22.89%
2017	\$ 1,189,646	\$ 1,189,646	\$ -	\$ 4,254,668	27.96%

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

*This schedule is presented to illustrate the requirements to show information for 10 years.

LIVERMORE AREA RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

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

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

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

The District prepares its General Fund budget on the modified accrual basis, consistent with the basis used for the General Fund financial statements. The original budget was adopted in May 2025. The final budget reflects midyear revisions presented to the Board on February 11, 2026 under the District's budget policy. The schedule compares the original budget, final budget, and actual results and displays both the change from the original to the final budget and actual results compared with the final budget. Planned use of existing fund balance is not current-year revenue.

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

Significant changes from the original to the final budget

Total budgeted revenues increased \$195,235, from \$25,978,147 to \$26,173,382, while budgeted expenditures increased \$521,147, from \$27,685,298 to \$28,206,445. The planned decrease in fund balance increased \$325,912, from \$1,707,151 to \$2,033,063.

The earned-income budget increased \$389,006. Increased capacity at Extended Student Services (ESS) sites added approximately \$222,000 of expected revenue. Higher enrollment during the first half of the year also increased projections for recreation classes, preschool, open space activities, adult sports, and senior services. The estimated tax revenue budget decreased \$193,771 after December receipts were below expectations and the forecast for April receipts was revised.

Salary and benefit appropriations increased \$241,916 following a Recreation Department restructuring after the Recreation Manager retired. The revised staffing plan added a second Recreation Manager and a Recreation Coordinator for the new Community Soccer League. Capital outlay appropriations increased \$370,461 to provide for roof replacements at Trevarno and Sunset ESS, additional equipment, and the expected timing of capital improvement projects, particularly the Sunken Gardens Pump Track. Services and supplies appropriations decreased \$91,230.

LIVERMORE AREA RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

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

Significant differences between the final budget and actual results

Actual revenues of \$28,517,976 exceeded the final budget by \$2,344,594. Capital development revenue totaled \$1,858,047 against a zero amount in the budgetary comparison. The District's capital improvement program identified AB 1600 funding for projects, but the budgetary revenue schedule did not present that funding in a separate capital development revenue line. Earned income exceeded the final budget by \$337,369. Management identified in earned income; an unbudgeted \$101,197 trust contribution, \$61,646 of investment income above expectations, and higher ESS, adult and youth sports, and senior services participation. Taxes exceeded the final budget by \$58,847, and other revenues of \$90,331 had no budgeted amount.

Actual expenditures of \$27,399,818 were \$806,627 below the final budget. Salary and benefit expenditures were \$447,779 below budget, primarily because vacancies, leave, and retirements reduced Park Operations cost by approximately \$158,000, while vacancies at ESS sites reduced cost by approximately \$142,000. Lower retirement costs for pension-eligible employees and more favorable workers' compensation experience also contributed. Services and supplies were \$306,623 below budget; management identified approximately \$193,000 of savings that accommodated needed operating capital costs, along with lower utility costs because rates increased less than projected. Capital outlay was \$52,225 below budget. Overall, fund balance increased \$1,118,158 rather than decreasing \$2,033,063 as budgeted, a favorable difference of \$3,151,221.

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

Changes in Assumptions

The discount rate remained the same at 7.00%; inflation assumption remained the same at 2.50%.

Changes in Benefit Terms

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

Schedule of Proportionate Share of the Net Pension Liability

Changes in Assumptions

The discount and inflation rates remained the same at 7.00% and 2.50%, respectively.

Changes in Benefit Terms

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

OTHER INDEPENDENT AUDITOR'S REPORT



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Area Recreation and Park District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

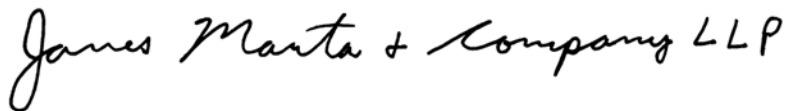
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 16, 2026