



**FEATHER RIVER RECREATION & PARK DISTRICT**  
Special Board Meeting  
March 20, 2023

**ACTIVITY CENTER**  
1875 Feather River Blvd.  
Oroville, CA 95965

**AGENDA** **Closed Session 2:00 PM/Open Session Immediately Following**

Written comments must be sent to [victoriaa@frrpd.com](mailto:victoriaa@frrpd.com) 1-hour prior to the meeting to be presented to the Board. If you need a special accommodation to participate in this meeting, please contact (530)533-2011.

**CALL MEETING TO ORDER**

**ROLL CALL**

Chairperson Shannon DeLong  
Director Scott "Kent" Fowler  
Director Devin Thomas  
Director Clarence "Sonny" Brandt  
Director Greg Passmore

**PLEDGE OF ALLEGIANCE**

**CLOSED SESSION**

**1. Pursuant to Government Code Section 54956.8: Property Asset Update**

**CLOSED SESSION ANNOUNCEMENTS**

**PUBLIC COMMENT**

The Board will invite anyone in the audience wishing to address the Board, on a matter not listed on the agenda, to state your name for the record and make your presentation. You are limited to three (3) minutes. *The Board cannot take any action except for brief response by the Board or staff to a statement or question relating to a non-agenda item.*

**ACTION ITEM(S)**

**1. 2021-22 District Audit** (Appendix A)  
*Presentation by Holly B. Pladson, CPA*  
Motion:  
Vote:

**2. Strategic Planning FRRPD Facility: Activity Center** (Appendix B)  
Motion:  
Vote:

**ADJOURNMENT**

**FEATHER RIVER RECREATION AND PARK DISTRICT**

**Oroville, California**

**REPORT TO THE BOARD OF DIRECTORS**

**June 30, 2022**



**HOLLY B. PLADSON**

—◆ Certified Public Accountant ◆—



# HOLLY B. PLADSON

◆ Certified Public Accountant ◆

To the Board of Directors  
Feather River Recreation and Park District  
Oroville, California

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Feather River Recreation and Park District (the District) for the year ended June 30, 2022. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information to you in my letter to you dated September 9, 2022. Professional standards also require that I communicate to you the following information related to my audit.

## **SIGNIFICANT AUDIT MATTERS**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District' financial statements were:

Management's estimate of net pension liabilities, deferred outflows of resources from pensions, and deferred inflows of resources from pensions. I evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of the bonds payable in note 6 to the financial statements and the retirement plan in note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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### **Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Two misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the District's financial statements taken as a whole. One was to correct the deferred outflow of resources and deferred inflow of resources from pensions in the amount of \$598,700, and the other misstatement was the fair market value adjustment to the cash in County of \$188,600.

### **Disagreements With Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### **Management Representations**

I have requested certain representations from management that are included in the management letter dated March 8, 2023.

### **Management Consultations With Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

**OTHER MATTERS**

I applied certain limited procedures to Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS, the Schedule of the District's Contributions – CalPERS, and the Budgetary Comparison Schedule, which is required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**RESTRICTION ON USE**

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

Sincerely,

*Holly B. Pladson, CPA*

March 8, 2023

**FEATHER RIVER RECREATION AND PARK DISTRICT**

**Oroville, California**

**FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION WITH INDEPENDENT  
AUDITOR'S REPORT**

**June 30, 2022 and 2021**



**HOLLY B. PLADSON**

—◆ Certified Public Accountant ◆—

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and Park District*

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# HOLLY B. PLADSON

—◆ Certified Public Accountant ◆—

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Feather River Recreation and Park District  
Oroville, California

I have audited the accompanying financial statements of the business-type activities of Feather River Recreation and Park District, (the District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audits 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet with my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing 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 one year after the date that the financial statements are issued.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- 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 my 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.

I am 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 I identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of net pension liability – California Public Employees' Retirement Systems on page 37, the schedule of District's Contributions – California Public Employees' Retirement System on page 37, and the budgetary comparison on page 40 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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

Board of Directors  
Feather River Recreation and Park District

information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statement is not affected by this missing information.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, I have also issued my report dated March 8, 2023, on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Holly B. Pladson, CPA*

Chico, California

March 8, 2023



**2022 BOARD OF DIRECTORS**

**BOARD MEMBERS**

**TERM EXPIRATION**

Steven Rocchi, Chairperson

December 2022

Shannon DeLong, Vice-Chairperson

December 2024

Scott Fowler, Director

December 2026

Sonny Brandt, Director

December 2024

Devin Thomas, Director

December 2024

**INTERIM GENERAL MANAGER**

Victoria Anton

**BUSINESS MANAGER**

Deborah Peltzer

**FINANCIAL SECTION**

**STATEMENTS OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,456,933	\$ 21,108	\$ 900,772	\$ 3,378,813
Accounts receivable	18,849	-	-	18,849
Other receivable	2,839	-	-	2,839
<b>Total Current Assets</b>	2,478,621	21,108	900,772	3,400,501
<b>CAPITAL ASSETS - NET</b>	13,301,692	-	-	13,301,692
<b>TOTAL ASSETS</b>	15,780,313	21,108	900,772	16,702,193
<b>DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	164,161	-	-	164,161
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<u>\$ 15,944,474</u>	<u>\$ 21,108</u>	<u>\$ 900,772</u>	<u>\$ 16,866,354</u>

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

**STATEMENTS OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 56,323	\$ -	\$ -	\$ 56,323
Accrued payroll and liabilities	42,266	-	-	42,266
Deferred revenue and program advances	35,796	-	-	35,796
Compensated absences	48,542	-	-	48,542
Current maturities of long-term debt	269,409	-	-	269,409
<b>Total Current Liabilities</b>	<b>452,336</b>	<b>-</b>	<b>-</b>	<b>452,336</b>
<b>NONCURRENT LIABILITIES</b>				
Long-term debt, net of current maturities	2,199,685	-	-	2,199,685
Net pension liability	657,502	-	-	657,502
<b>Total Noncurrent Liabilities</b>	<b>2,857,187</b>	<b>-</b>	<b>-</b>	<b>2,857,187</b>
<b>TOTAL LIABILITIES</b>	<b>3,309,523</b>	<b>-</b>	<b>-</b>	<b>3,309,523</b>
<b>DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>	<b>679,520</b>	<b>-</b>	<b>-</b>	<b>679,520</b>
<b>NET POSITION</b>				
<b>Non-Spendable</b>				
Invested in capital assets - net of related debt	13,301,692	-	-	13,301,692
<b>Restricted</b>				
Restricted for designated agency fund	-	21,108	900,772	921,880
<b>Unrestricted</b>				
Assigned	348,494	-	-	348,494
Unassigned	(1,694,755)	-	-	(1,694,755)
<b>TOTAL NET POSITION</b>	<b>11,955,431</b>	<b>21,108</b>	<b>900,772</b>	<b>12,877,311</b>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,944,474</b>	<b>\$ 21,108</b>	<b>\$ 900,772</b>	<b>\$ 16,866,354</b>

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

**STATEMENTS OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,073,954	\$ 35,629	\$ 831,126	\$ 2,940,709
Accounts receivable	10,944	-	-	10,944
Grants receivable	154,023	-	-	154,023
Other receivable	36,056	-	-	36,056
<b>Total Current Assets</b>	<b>2,274,977</b>	<b>35,629</b>	<b>831,126</b>	<b>3,141,732</b>
<b>CAPITAL ASSETS - NET</b>	<b>13,333,143</b>	<b>-</b>	<b>-</b>	<b>13,333,143</b>
<b>TOTAL ASSETS</b>	<b>15,608,120</b>	<b>35,629</b>	<b>831,126</b>	<b>16,474,875</b>
<b>DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>191,855</b>	<b>-</b>	<b>-</b>	<b>191,855</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,799,975</b>	<b>\$ 35,629</b>	<b>\$ 831,126</b>	<b>\$ 16,666,730</b>

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

**STATEMENTS OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 192,560	\$ -	\$ -	\$ 192,560
Accrued payroll and liabilities	67,143	-	-	67,143
Deferred revenue	39,343	-	-	39,343
Compensated absences	47,566	-	-	47,566
Current maturities of long-term debt	261,370	-	-	261,370
<b>Total Current Liabilities</b>	<b>607,982</b>	<b>-</b>	<b>-</b>	<b>607,982</b>
<b>NONCURRENT LIABILITIES</b>				
Long-term debt, net of current maturities	2,469,726	-	-	2,469,726
Net pension liability	1,036,482	-	-	1,036,482
<b>Total Noncurrent Liabilities</b>	<b>3,506,208</b>	<b>-</b>	<b>-</b>	<b>3,506,208</b>
<b>TOTAL LIABILITIES</b>	<b>4,114,190</b>	<b>-</b>	<b>-</b>	<b>4,114,190</b>
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	108,475	-	-	108,475
<b>NET POSITION</b>				
<b>Non-Spendable</b>				
Invested in capital assets - net of related debt	13,333,143	-	-	13,333,143
<b>Restricted</b>				
Restricted for designated agency fund	-	35,629	831,126	866,755
<b>Unrestricted</b>				
Assigned	303,494	-	-	303,494
Unassigned	(2,059,327)	-	-	(2,059,327)
<b>TOTAL NET POSITION</b>	<b>11,577,310</b>	<b>35,629</b>	<b>831,126</b>	<b>12,444,065</b>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,799,975</b>	<b>\$ 35,629</b>	<b>\$ 831,126</b>	<b>\$ 16,666,730</b>

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



**STATEMENTS OF FUNCTIONAL ACTIVITIES  
AND CHANGES IN NET POSITION**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>				
Program service fees	\$ 638,194	\$ -	\$ -	\$ 638,194
Property taxes	2,005,904	303,046	-	2,308,950
Impact and development fees	-	-	411,645	411,645
Donations and grant revenue	473,681	-	-	473,681
<b>Total Operating Revenues</b>	<b>3,117,779</b>	<b>303,046</b>	<b>411,645</b>	<b>3,832,470</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,585,020	144,891	-	1,729,911
Services and supplies	919,297	163,109	-	1,082,406
Depreciation	816,763	-	-	816,763
<b>Total Operating Expenses</b>	<b>3,321,080</b>	<b>308,000</b>	<b>-</b>	<b>3,629,080</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(203,301)</b>	<b>(4,954)</b>	<b>411,645</b>	<b>203,390</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Investment income	17,207	957	3,010	21,174
Investment expenses	(156,208)	(10,524)	(28,804)	(195,536)
Gain on disposal of assets	5,600	-	-	5,600
Other revenue	32,418	-	-	32,418
Insurance recoveries	366,200	-	-	366,200
<b>Total Nonoperating Revenues (Expenses)</b>	<b>265,217</b>	<b>(9,567)</b>	<b>(25,794)</b>	<b>229,856</b>
<b>CHANGE IN NET POSITION</b>	<b>61,916</b>	<b>(14,521)</b>	<b>385,851</b>	<b>433,246</b>
Transfer	316,205	-	(316,205)	-
<b>Net Position - Beginning of Year</b>	<b>11,577,310</b>	<b>35,629</b>	<b>831,126</b>	<b>12,444,065</b>
<b>Net Position - End of Year</b>	<b>\$ 11,955,431</b>	<b>\$ 21,108</b>	<b>\$ 900,772</b>	<b>\$ 12,877,311</b>

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

**STATEMENTS OF FUNCTIONAL ACTIVITIES  
AND CHANGES IN NET POSITION**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>				
Program service fees	\$ 468,315	\$ -	\$ -	\$ 468,315
Property taxes	1,943,133	292,283	-	2,235,416
Impact and development fees	-	-	399,607	399,607
Donations and grant revenue	518,045	-	-	518,045
<b>Total Operating Revenues</b>	<b>2,929,493</b>	<b>292,283</b>	<b>399,607</b>	<b>3,621,383</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,192,446	140,020	-	1,332,466
Services and supplies	801,036	157,516	-	958,552
Depreciation	751,816	-	-	751,816
<b>Total Operating Expenses</b>	<b>2,745,298</b>	<b>297,536</b>	<b>-</b>	<b>3,042,834</b>
<b>OPERATING INCOME (LOSS)</b>	<b>184,195</b>	<b>(5,253)</b>	<b>399,607</b>	<b>578,549</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Investment income	4,840	1,699	4,082	10,621
Investment expenses	(93,946)	-	-	(93,946)
Other revenue	5,097	-	-	5,097
Insurance recoveries	463,850	-	-	463,850
<b>Total Nonoperating Revenues (Expenses)</b>	<b>379,841</b>	<b>1,699</b>	<b>4,082</b>	<b>385,622</b>
<b>CHANGE IN NET POSITION</b>	<b>564,036</b>	<b>(3,554)</b>	<b>403,689</b>	<b>964,171</b>
Transfer	126,577	-	(126,577)	-
<b>Net Position - Beginning of Year</b>	<b>10,886,697</b>	<b>39,183</b>	<b>554,014</b>	<b>11,479,894</b>
<b>Net Position - End of Year</b>	<b>\$ 11,577,310</b>	<b>\$ 35,629</b>	<b>\$ 831,126</b>	<b>\$ 12,444,065</b>

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

**STATEMENTS OF CASH FLOWS**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 654,360	\$ -	\$ -	\$ 654,360
Receipts from taxes and impact fees	2,005,904	303,046	411,645	2,720,595
Receipts from grants	473,681	-	-	473,681
Payments to suppliers	(895,912)	(163,109)	-	(1,059,021)
Payments to employees	(1,389,162)	(144,891)	-	(1,534,053)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>848,871</b>	<b>(4,954)</b>	<b>411,645</b>	<b>1,255,562</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	316,205	-	(316,205)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(785,312)	-	-	(785,312)
Proceeds from sale of capital assets	5,600	-	-	5,600
Principal paid on debt	(262,002)	-	-	(262,002)
Interest paid on debt	(85,569)	-	-	(85,569)
Insurance proceeds	398,618	-	-	398,618
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(728,665)</b>	<b>-</b>	<b>-</b>	<b>(728,665)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income (expense)	(53,432)	(9,567)	(25,794)	(88,793)
<b>Net Cash Used by Investing Activities</b>	<b>(53,432)</b>	<b>(9,567)</b>	<b>(25,794)</b>	<b>(88,793)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>382,979</b>	<b>(14,521)</b>	<b>69,646</b>	<b>438,104</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>2,073,954</b>	<b>35,629</b>	<b>831,126</b>	<b>2,940,709</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 2,456,933</b>	<b>\$ 21,108</b>	<b>\$ 900,772</b>	<b>\$ 3,378,813</b>

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

**STATEMENTS OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (203,301)	\$ (4,954)	\$ 411,645	\$ 203,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Pension expense	219,759	-	-	219,759
Depreciation	816,763	-	-	816,763
Changes in net assets and liabilities:				
Accounts receivable	(7,905)	-	-	(7,905)
Grants receivable	154,023	-	-	154,023
Other receivable	33,217	-	-	33,217
Accounts payable	(136,237)	-	-	(136,237)
Accrued payroll and liabilities	(24,877)	-	-	(24,877)
Deferred revenue and program advances	(3,547)	-	-	(3,547)
Compensated absences	976	-	-	976
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 848,871</b>	<b>\$ (4,954)</b>	<b>\$ 411,645</b>	<b>\$ 1,255,562</b>

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

**STATEMENTS OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2022	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
<b>ACQUISITION OF PROPERTY AND EQUIPMENT</b>				
Cost of property and equipment	\$ 785,312	\$ -	\$ -	\$ 785,312
Less amount financed	-	-	-	-
<b>Cash Used to Acquire Property and Equipment</b>	<b>\$ 785,312</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 785,312</b>

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

**STATEMENTS OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 460,909	\$ -	\$ -	\$ 460,909
Receipts from taxes and impact fees	1,943,133	292,283	399,607	2,635,023
Receipts from grants	518,045	-	-	518,045
Payments to suppliers	(1,220,893)	(157,516)	-	(1,378,409)
Payments to employees	(1,097,028)	(140,020)	-	(1,237,048)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>604,166</b>	<b>(5,253)</b>	<b>399,607</b>	<b>998,520</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	126,577	-	(126,577)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(1,800,194)	-	-	(1,800,194)
Proceeds from sale of capital assets	-	-	-	-
Principal paid on debt	(262,132)	-	-	(262,132)
Interest paid on debt	(93,946)	-	-	(93,946)
Insurance proceeds	468,947	-	-	468,947
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,687,325)</b>	<b>-</b>	<b>-</b>	<b>(1,687,325)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	4,840	1,699	4,082	10,621
<b>Net Cash Provided by Investing Activities</b>	<b>4,840</b>	<b>1,699</b>	<b>4,082</b>	<b>10,621</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(951,742)</b>	<b>(3,554)</b>	<b>277,112</b>	<b>(678,184)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>3,025,696</b>	<b>39,183</b>	<b>554,014</b>	<b>3,618,893</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 2,073,954</b>	<b>\$ 35,629</b>	<b>\$ 831,126</b>	<b>\$ 2,940,709</b>

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

**STATEMENTS OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 184,195	\$ (5,253)	\$ 399,607	\$ 578,549
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Pension expense	81,636	-	-	81,636
Depreciation	751,816	-	-	751,816
Changes in net assets and liabilities:				
Accounts receivable	9,785	-	-	9,785
Grants receivable	(122,553)	-	-	(122,553)
Other receivable	(33,217)	-	-	(33,217)
Accounts payable	(297,303)	-	-	(297,303)
Accrued payroll and liabilities	13,120	-	-	13,120
Deferred revenue and program advances	16,026	-	-	16,026
Compensated absences	661	-	-	661
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 604,166</b>	<b>\$ (5,253)</b>	<b>\$ 399,607</b>	<b>\$ 998,520</b>

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

**STATEMENTS OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2021	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
<b>ACQUISITION OF PROPERTY AND EQUIPMENT</b>				
Cost of property and equipment	\$ 1,800,194	\$ -	\$ -	\$ 1,800,194
Less amount financed	-	-	-	-
<b>Cash Used to Acquire Property and Equipment</b>	<b>\$ 1,800,194</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,800,194</b>

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



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

***Reporting Entity***

Feather River Recreation and Park District (the District) is a political subdivision of the state of California and provides recreation services to the residents of the Oroville area of Butte County.

The District was formed under Section 5780-5791 of the *California Public Resources Code*, Article V, and is governed by a five-member Board of Directors elected by the voters of the District. A salaried general manager administrates the operations of the District in accordance with policies adopted by the Board of Directors. These financial statements encompass all fiscal activities conducted by the District.

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. The District meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

The District's basic financial statements include the operations of all organizations for which the Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters.

The District's financial statements are classified by functional activities. The functional activities include a Benefit Assessment Fund and an Impact Fee Fund with the balance accounted for in the General Fund.

***Basis of Presentation***

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The Statements of Net Position and the Statements of Activities and Changes in Net Position display information about the District. Business-type activities are financed in whole or in part by fees charged to external parties.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest income, result from non-exchange transactions or ancillary activities.

The District has elected not to present management's discussion and analysis (MD&A) that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

***Measurement Focus and Basis of Accounting***

The District utilizes the proprietary fund method of accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unavailable resources.

***Budgetary Control***

The District's fiscal year is the 12-month period beginning July 1. The general budget policy is that the District submit to the Butte County Auditor a board-approved budget estimating revenues and expenditures for the subsequent fiscal year prior to June 30. The final budget is legally enacted by a board resolution on or before August 10 after necessary adjustments, if any, have been made. Within certain legal restrictions, adjustments to final budget amounts may be made by the Board of Directors during the year to account for unanticipated occurrences.

***Deferred Outflows/ Deferred Inflows***

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. District pension contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District pension contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

***Net Position***

Net position is the excess of all the District's assets and deferred outflows of resources over all its liabilities. Net position is classified into the following components:

- Net investment in capital assets, which consists of capital assets net of accumulated depreciation, reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- Restricted, which consists of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulation of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted, which is the remaining balance. Unrestricted net position may be reserved or designated for future expenditures.

***Operating Income and Expenses***

The statement of functional activities and changes in net position distinguishes between operating and nonoperating income and expenses. Operating revenues include all revenues received in order to provide recreation services. These revenues are received from program service fees which are from recreational activities, property taxes, impact fees, and grant revenue. Operating expenses are all expenses incurred to provide operating income, other than financing costs. Nonoperating revenues and expenses include interest income, interest expense, and other nonoperating revenues.

***Cash and Cash equivalents***

Cash and cash equivalents includes cash on hand, demand deposits at financial institution(s), cash held in trust, and deposits in the Butte County Treasury (County). One account at a financial institution serves as a clearing account into which the District makes daily deposits and then writes a check at least once each month for deposit to the County.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The District maintains substantially all of its cash in the County treasury as part of a common investment pool. Deposits in the pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of less than two years. As of June 30, 2022 and 2021, the fair value of the pool was 96.9945% and 100.0058%, respectively, of the carrying value. Information regarding the amount of dollars invested in derivatives with the County was not available. The pool is subject to regulatory oversight by the Treasury Oversight Committee as required by *California Government Code*, Section 27130. The District is considered to be a voluntary participant in the County investment pool.

***Fair Value Measurements***

The District measures some assets for fair value on a recurring basis as described in note 2. The District may be required, from time to time, to measure certain assets and liabilities at fair value on a non-recurring basis.

The District classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based on the following:

- Level 1: Quoted market prices for identical instruments traded in active exchange markets.
- Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3: Model-based techniques that use at least one significant assumption not observable in the market.

These unobservable assumptions reflect an organization's estimates of assumptions that market participants would use on pricing an asset or liability. Valuation techniques include management's judgment and estimation which may be significant.

The District participates in the County "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. The District received approximately 60.2% and 61.7% of its operating revenue in 2022 and 2021, respectively, from property taxes.

***Receivables and Payables***

Trade accounts receivables (including unbilled receivables) are carried at their net realizable values.

***Deferred Revenue and Program Advances***

Activity fees paid prior to the utilization of the service are recorded as program advances and are effectively unearned revenues.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

### ***Capital Assets***

Capital assets are reported at historical cost, or in the case of donated items, at fair market value on the date donated. Capital assets include land, buildings and building improvements, and equipment. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more.

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

Buildings	25 Years
Building improvements	5-15 Years
Equipment	5-7 Years
Vehicles	7 Years

### ***Long-Term Liabilities***

Long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium and discounts are reported as noncurrent assets along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

### ***Compensated Absences***

Compensated absences represent the vested portion of accumulated vacation and sick leave. Upon retirement or separation from the District, the employee is entitled to full compensation for unused vacation, and up to \$2,500 for unused sick time for employees with five or more years of employment with the District. The current versus long-term portions could not be estimated and, as such, are classified as a current liability. Costs for compensated absences are accrued when earned by employees. Accumulated unpaid employee benefits are recognized as a liability in the General Fund at the end of the year.

### ***Net Pension Liability***

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

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

### ***Use of Estimates***

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

### ***Property Taxes***

The District receives property taxes from Butte County (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1, on the assessed values of the prior January 1, for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1, and February 1, and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

### ***Transfers***

Transfers are made from the Benefit Assessment Fund and the Impact Fees Fund to the General Fund to account for capitalized improvements.

### ***Reclassifications***

Certain reclassifications have been made to the 2021 financial statements in order to insure comparability with the 2022 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2021.

### ***Implemented Accounting and Reporting Changes***

#### ***GASB Statement No. 87, Leases***

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As of June 30, 2022, the District did not have any material contracts that were required to be reported as leases under GASB 87.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District***2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following:

June 30	2022	2021
Petty Cash	\$ -	\$ -
Cash in banks(1)	374,190	50,184
Cash held in trust (2)	188,856	188,856
County Treasury investment pool	2,815,767	2,701,669
<b>Total</b>	<b>\$ 3,378,813</b>	<b>\$ 2,940,709</b>

- (1) **Cash in Banks** The carrying amount of deposits includes checking accounts, savings accounts, and money market accounts at financial institutions.
- (2) **Cash Held in Trust** Cash held in trust, available for capital improvements, was obtained as part of the Umpqua bank refinancing arrangement secured in May 2015.

***Cash Deposits***

As of June 30, 2022 and 2021, the carrying amount of the District's cash in banks was \$563,046 and \$239,040, respectively, and the bank balance of the District's accounts with banks was \$562,705 and \$237,149. The Federal Depository Insurance Corporation (FDIC) covers up to \$250,000 per bank for each entity. At June 30, 2022, the District's cash in bank exceeded this amount by \$123,848.

The District's cash and investments are pooled with the County of Butte. The County's cash and investment pool is under the oversight of the County and is not rated. For additional information regarding the pooled cash and investments with respect to the risks identified above, please refer to the County of Butte's Annual Comprehensive Financial Report (ACFR).

***Collateral and Categorization Requirements***

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of at least 150% of the District's total deposits.

***Investment Policy***

The District's investment policy follows the California Government Code which authorizes the District to invest in its own bonds, certain time deposits, obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances with maturities not to exceed 270 days, and medium-term notes issued by corporations operating within the U.S., commercial paper rated P-1 or higher by Moody's or A-1 by Standard & Poor's commercial paper record, repurchase agreements of obligations of the U.S. Government or its agencies for a term of one year or less and the Local Agency Investment Fund.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

## *Feather River Recreation and Park District*

The funds pooled with the County are invested in accordance with the County's investment policy established pursuant to state law. All monies not required for immediate expenditure are deposited or invested to earn maximum yield consistent with safety and liquidity.

### ***Risk Disclosures***

Limitations as they related to interest rate risk, credit risk, and concentration of credit risk are described below:

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. All of the District's cash held in pooled accounts mature in less than two years.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. With respect to investments, custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the sue of mutual funds or government investment pools. The state of California has no additional requirements for custodial credit risk, nor does the District.

#### ***Custodial Credit Risk***

Custodial credit risk for deposit is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits nor will it be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

#### ***Concentration of Credit Risk***

The District's cash and investment funds are pooled with the County of Butte. The investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. The District is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by the District in securities of issuers other than U.S. Treasury securities, mutual funds, and external investment pools. At June 30, 2022 and 2021, there were no investments representing five percent or more from any one issuer.



**3. CAPITAL ASSETS**

Changes in capital assets consist of the following:

<u>June 30</u>	<u>Balance 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance 2022</u>
<b>NONDEPRECIATING CAPITAL ASSETS</b>					
Land	\$ 627,494	\$ -	\$ -	\$ -	\$ 627,494
Construction in progress	1,138,321	771,312	-	(151,165)	1,758,468
<b>Total Nondepreciating Capital Assets</b>	<b>1,765,815</b>	<b>771,312</b>	<b>-</b>	<b>(151,165)</b>	<b>2,385,962</b>
<b>DEPRECIATING CAPITAL ASSETS</b>					
Structures and improvements	15,045,580	-	-	1,009,363	16,054,943
Equipment	2,707,393	14,000	(27,133)	(858,198)	1,836,062
<b>Subtotal</b>	<b>17,752,973</b>	<b>14,000</b>	<b>(27,133)</b>	<b>151,165</b>	<b>17,891,005</b>
Less: Accumulated depreciation	(6,185,645)	(816,763)	27,133	-	(6,975,275)
<b>Total Depreciating Capital Assets</b>	<b>11,567,328</b>	<b>(802,763)</b>	<b>-</b>	<b>151,165</b>	<b>10,915,730</b>
<b>Total Capital Assets - Net</b>	<b>\$ 13,333,143</b>	<b>\$ (31,451)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,301,692</b>

<u>June 30</u>	<u>Balance 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance 2021</u>
<b>NONDEPRECIATING CAPITAL ASSETS</b>					
Land	\$ 627,494	\$ -	\$ -	\$ -	\$ 627,494
Construction in progress	911,940	1,783,634	-	(1,557,253)	1,138,321
<b>Total Nondepreciating Capital Assets</b>	<b>1,539,434</b>	<b>1,783,634</b>	<b>-</b>	<b>(1,557,253)</b>	<b>1,765,815</b>
<b>DEPRECIATING CAPITAL ASSETS</b>					
Structures and improvements	15,029,020	16,560	-	-	15,045,580
Equipment	1,150,140	-	-	1,557,253	2,707,393
<b>Subtotal</b>	<b>16,179,160</b>	<b>16,560</b>	<b>-</b>	<b>1,557,253</b>	<b>17,752,973</b>
Less: Accumulated depreciation	(5,433,829)	(751,816)	-	-	(6,185,645)
<b>Total Depreciating Capital Assets</b>	<b>10,745,331</b>	<b>(735,256)</b>	<b>-</b>	<b>1,557,253</b>	<b>11,567,328</b>
<b>Total Capital Assets - Net</b>	<b>\$ 12,284,765</b>	<b>\$ 1,048,378</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,333,143</b>

Depreciation for the years ended June 30, 2022 and 2021 was \$816,763 and \$751,816, respectively.

**4. APPROPRIATIONS LIMIT**

The District establishes appropriation limits, pursuant to Section 9c of Article XIII B of the California Constitution, since the District's ad valorem tax on property exceeded \$.125 per \$100 assessed valuation in the 1977-78 fiscal year.

The District's board established the appropriation limits for the 2022 and 2021 fiscal years to be \$3,668,021 and \$3,637,912, respectively.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District***5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other park and recreation districts in the Special District Risk Management Authority (SDRMA). SDRMA provides self-insurance and related services to members of California Association of Recreation and Park Districts. A summary of coverage limits is presented below:

General liability	\$	10,000,000
Auto liability	\$	10,000,000
Public officials' and employee liability	\$	10,000,000
Boiler and machinery	\$	100,000,000
Property	\$	1,000,000,000
Pollution	\$	2,000,000
Workers' compensation	\$	5,000,000

The District has a \$500 deductible for general liability; a \$1,000 deductible for auto liability; a \$1,000 deductible for boiler and machinery; and a \$1,000 deductible for property loss.

There has been no significant reduction in any of the insurance coverage from the prior year. Settled claims resulting from this program have not exceeded insurance coverage in each of the past three fiscal years.

Condensed financial information for SDRMA for the fiscal year ended June 30, 2022 and 2021 is as follows:

	<b>2021</b>	<b>2022</b>
Total Assets and Deferred Outflows	\$ 140,466,966	Information not available
Total Liabilities and Deferred Inflows	74,123,679	available
<b>Net Assets</b>	<b>\$ 66,343,287</b>	<b>\$ -</b>
Total Revenues	\$ 83,706,987	Information not available
Total Expenses	78,306,334	available
<b>Change in Net Assets</b>	<b>\$ 5,400,653</b>	<b>\$ -</b>

**6. LONG-TERM DEBT**

A schedule of long-term debt balances follows: as follows:

June 30	2022	2021
Note payable to Ford Motor Company due in monthly payments of \$888, including interest at 5.45% per annum through August 2021. The note is secured by a vehicle.	\$ -	\$ 883
Note payable to Ford Motor Company due in monthly payments of \$758, including interest at 6.75% per annum through January 2025. The note is secured by a vehicle.	20,250	28,299
Certificates of Participation Series 2015A are due in quarterly payments ranging from \$27,317 to \$77,746, including interest at 3.25% per annum through June 15, 2031. The note is secured by the Activity Center property, among others.	2,389,844	2,614,914
Certificates of Participation Series 2015B are due in quarterly payments ranging from \$2,000 to \$9,000, including interest at 4.35% per annum through June 15, 2024. The note is secured by the Activity Center property, among others.	59,000	87,000
<b>Subtotal</b>	2,469,094	2,731,096
Current maturities of long-term debt	(269,409)	(261,370)
<b>Long-Term Debt - Net of Current Maturities</b>	<b>\$ 2,199,685</b>	<b>\$ 2,469,726</b>

A schedule of changes in long-term debt follows:

June 30	2021	Additions	Payments	2022
Ford Motor Company notes	\$ 29,182	\$ -	\$ (8,932)	\$ 20,250
Certificates of participation	2,701,914	-	(253,070)	2,448,844
<b>Totals</b>	<b>\$ 2,731,096</b>	<b>\$ -</b>	<b>\$ (262,002)</b>	<b>\$ 2,469,094</b>

June 30	2020	Additions	Payments	2021
Ford Motor Company notes	\$ 46,413	\$ -	\$ (17,231)	\$ 29,182
Certificates of participation	2,946,815	-	(244,901)	2,701,914
<b>Totals</b>	<b>\$ 2,993,228</b>	<b>\$ -</b>	<b>\$ (262,132)</b>	<b>\$ 2,731,096</b>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

Scheduled principal and interest payments are as follows:

Years Ending June 30	Principal	Interest	Total
2023	\$ 269,409	\$ 78,113	\$ 347,522
2024	278,610	68,651	347,261
2025	251,854	59,373	311,227
2026	256,184	51,127	307,311
2027	264,613	42,699	307,312
2028 - 2032	1,148,424	80,823	1,229,247
<b>Total</b>	<b>\$ 2,469,094</b>	<b>\$ 380,786</b>	<b>\$ 2,849,880</b>

**7. COMPENSATED ABSENCES**

The schedule of changes in compensated absences follows:

Balance - June 30, 2020	\$ 46,905
Amount earned	53,110
Amount paid	(52,449)
<b>Balance - June 30, 2021</b>	<b>\$ 47,566</b>
Amount earned	74,651
Amount paid	(73,675)
<b>Balance - June 30, 2022</b>	<b>\$ 48,542</b>

**8. RETIREMENT PLAN**

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by an agency of the state of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS).

**Plan Description** Classified employees of the District participate in the Miscellaneous Plan of Feather River Recreation and Park District (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided** The Plan provides retirement, disability benefits, and death benefits to Plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

***Feather River Recreation  
and Park District***

**Contributions** Active plan members are required to contribute 6.75% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the 2022 and 2021 fiscal years were 7.59% and 7.59%, respectively. The contribution requirements of the Plan members are established by state statute. For the years ended June 30, 2022 and 2021, the District made the contributions required of District employees on their behalf and to their account. The District's contributions to CalPERS for the fiscal years ended June 30, 2022 and 2021 amounted to \$63,298 and \$54,356, respectively.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** At June 30, 2022 and 2021, the District reported a net pension liability of \$657,502 and \$1,036,482, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and June 30, 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and June 30, 2019, respectively, rolled forward to June 30, 2021 and June 30, 2020, respectively, using standard update procedures. The District's portion 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 organizations and the state of California, actuarially determined. At June 30, 2021, and June 30, 2020, the District's proportionate share was 0.0199% and 0.0203%, respectively.

For the year ended June 30, 2022, and 2021, the District recognized pension expense of \$65,609 and \$55,102, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2022	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 73,732	\$ -
Differences between District contributions and proportionate share of contributions	-	104,482
Differences between expected and actual experience	-	573,964
Changes in assumptions	-	-
Changes in proportions	27,131	1,074
District contributions subsequent to the measurement date	63,298	-
<b>Total</b>	<b>\$ 164,161</b>	<b>\$ 679,520</b>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

June 30, 2021	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 30,790	\$ -
Differences between District contributions and proportionate share of contributions	-	101,082
Differences between expected and actual experience	53,413	-
Changes in assumptions	-	7,393
Changes in proportions	53,296	-
District contributions subsequent to the measurement date	54,356	-
<b>Total</b>	<b>\$ 191,855</b>	<b>\$ 108,475</b>

The \$63,298 and \$54,356 reported as deferred outflows of resources related to pensions, resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (139,765)
2024	(138,914)
2025	(141,364)
2026	(158,614)
<b>Total</b>	<b>\$ (578,657)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

**Actuarial Assumptions** The total pension liability in the June 30, 2020 and June 30, 2019, actuarial valuation for CalPERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses; includes inflation

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Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses; includes inflation

---

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries scale BB.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of a percent.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Rate of Return Years 1 - 10</b>	<b>Rate of Return Years 11+</b>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
<b>Total</b>	<b>100%</b>		

**Discount Rate** The discount rate used to measure the total pension liability for June 30, 2022 and June 30, 2021 was 7.15%. The amortization and smoothing periods recently adopted by CalPERS were utilized to determine whether the municipal bond rate should be used in the calculation of a discount rate. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's 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 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or higher (8.15%), than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
June 30, 2022			
District's proportionate share of the net pension liability	\$ 1,181,527	\$ 657,502	\$ 224,297
June 30, 2021			
District's proportionate share of the net pension liability	\$ 1,548,109	\$ 1,036,482	\$ 613,741

**Pension Plan Fiduciary New Position** Detailed information about the pension plan's fiduciary net position is available in CalPERS's separately issued Comprehensive Annual Financial Report.



**9. RIVERBEND PARK**

In February 2017, high inflow to Lake Oroville prompted water to be released from the main spillway to control the lake level. Soon after releasing water, significant damage was noted on the spillway which led to the uncontrolled flow of water over the emergency spillway. As a result, debris was carried downstream and caused approximately \$8 million of the District's capital assets at Riverbend Park to be impaired during the year ended June 30, 2017. The District is utilizing insurance proceeds and federal emergency agency funds to repair the damages.

Phase I of the Riverbend Park restoration project had been completed as of June 30, 2020, at a cost of approximately \$4.67 million. Phase II of the Riverbend Park restoration project began during the year ended June 30, 2020, adding a boat dock, river front beach, amphitheater, and playground equipment. Phase II was completed by June 30, 2021, at a cost of approximately \$1.55 million, with the total cost of the Riverbend Park project \$6.22 million.

**10. LEASING ARRANGEMENTS**

The District is the lessor of a museum building and grounds in Forbestown, California. The total cost of the leased property was \$173,568. Accumulated depreciation was \$135,198 and \$130,993 as of June 30, 2022 and 2021, respectively. The current lease expires on June 1, 2023. The lessee, Yuba Feather Historical Association, has ownership of all property in and/or on the Museum building and grounds, including exhibits and outbuildings. All property owned by the District, reverts back to the District at the end of the lease. No payments are required by the lessee to the lessor, but the lessee pays for all the maintenance and operating costs of the museum and grounds.

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 8, 2023, which is the date the financial statements were available to be issued.

On December 8, 2021, the District issued a press release notifying the public of its intent to sell the Activity Center property located at 1875 Feather River Boulevard in Oroville, California. The building remains for sale and the Board is actively seeking a buyer.

In October 2022, the District transferred ownership of three parcels of property located at Bedrock Park to the City of Oroville for \$1. Bedrock Park has been operated and maintained by the City the past two decades, therefore ownership of three parcels has been officially transferred to the City of Oroville.

In October 2022, the District entered into a 60-month finance agreement with Ford Motor credit company for \$70,780 for the purchase of a vehicle. The monthly payments are \$1,385, including interest of 6.74% per annum. The note is secured by a vehicle.

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022 and 2021

*Feather River Recreation  
and Park District*

During the 2021-22 fiscal year, as COVID-19 restrictions were being lifted, the District struggled with recruiting and hiring employees. The District could not increase or expand revenue-generating programs without hiring and retraining staff. The District's loss in revenues for the fiscal year ended June 30, 2022 was estimated at \$250,000 under budget, due to cancelation of recreation programs, events, classes, and facility rentals. Although the District experienced a loss of revenues, it has also resulted in a decrease to payroll and general expenses, which is reflected in the annual budget.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*Feather River Recreation and Park District*

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Years Ended June 30	2022	2021	2020	2019	2018
District's portion of the net pension liability (asset)	0.01988%	0.02032%	0.02078%	0.02139%	0.02164%
District's proportionate share of the net pension liability (asset)	\$ 657,502	\$ 1,036,482	\$ 939,779	\$ 842,871	\$ 844,607
District's covered-employee payroll	\$ 844,875	\$ 634,689	\$ 706,773	\$ 639,386	\$ 497,411
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.82%	163.31%	132.97%	131.83%	169.80%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.90%	74.52%

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Years Ended June 30	2022	2021	2020	2019	2018
Contractually required contribution	\$ 63,298	\$ 54,356	\$ 53,221	\$ 45,222	\$ 37,288
Contributions in relation to the contractually required contribution	(63,298)	(54,356)	(53,221)	(45,222)	(37,288)
<b>Contribution Deficiency (Excess)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 844,875	\$ 634,689	\$ 706,773	\$ 639,386	\$ 497,411
Contributions as a percentage of covered-employee payroll	7.49%	8.56%	7.53%	7.07%	7.50%

*See the accompanying notes to the supplementary information*

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **1. CHANGES IN BENEFIT TERMS**

#### **California Public Employees' Retirement System**

Public agencies can make changes to their plan provisions, and such changes occur on an on-going basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report. There were no changes to benefit terms that applied to all members of the Public Agency Pool.

### **2. CHANGES OF ASSUMPTIONS**

#### **California Public Employees' Retirement System**

CalPERS Board did not change the demographic assumptions or the inflation rate, in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2022	Adopted Original Budget	Approved Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>				
Program service fees	\$ 893,575	\$ 893,575	\$ 638,194	\$ (255,381)
Property taxes - General Fund	1,900,000	1,900,000	2,005,904	105,904
Property taxes - BAD Fund	308,000	308,000	303,046	(4,954)
Impact fee	- *	-	411,645	411,645
Grant revenue	655,000	655,000	473,681	(181,319)
<b>Total Operating Revenues</b>	<b>3,756,575</b>	<b>3,756,575</b>	<b>3,832,470</b>	<b>75,895</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,755,573	1,755,573	1,729,911	25,662
Services and supplies	1,218,148	1,218,148	1,082,406	135,742
<b>Total Cash Operating Expenses</b>	<b>2,973,721</b>	<b>2,973,721</b>	<b>2,812,317</b>	<b>161,404</b>
Depreciation (Noncash)	- *	-	816,763	816,763
<b>Total Operating Expenses</b>	<b>2,973,721</b>	<b>2,973,721</b>	<b>3,629,080</b>	<b>978,167</b>
<b>Operating Income (Loss)</b>	<b>782,854</b>	<b>782,854</b>	<b>203,390</b>	<b>(902,272)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	21,500	21,500	21,174	(326)
Investment expense	(85,570)	(85,570)	(195,536)	(109,966)
Gain on disposal of assets	-	-	5,600	5,600
Other operating revenue	3,500	3,500	32,418	28,918
Insurance proceeds	- *	-	366,200	366,200
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(60,570)</b>	<b>(60,570)</b>	<b>229,856</b>	<b>290,426</b>
<b>Change in Net Position</b>	<b>722,284</b>	<b>722,284</b>	<b>433,246</b>	<b>(611,846)</b>
Capital assets	(1,057,500)	(1,057,500)	(785,312)	272,188
Principal long-term debt payments	(253,070)	(253,070)	(262,002)	(8,932)
<b>Change in Net Position Less Capital</b>				
<b>Assets and Long-Term Debt Payments</b>	<b>\$ (588,286)</b>	<b>\$ (588,286)</b>	<b>\$ (614,068)</b>	<b>\$ (348,590)</b>

\* Items were not budgeted

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Budgets and Budgetary Accounting**

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

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund is the only legally adopted budget.

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

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.



**OTHER REPORT**



# HOLLY B. PLADSON

◆ Certified Public Accountant ◆

## **INDEPENDENT AUDITOR'S 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***

To the Board of Directors  
Feather River Recreation and Park District  
Oroville, California

I have audited, in accordance with the auditing standard 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, and the State Controller's *Minimum Audit Requirements for California Special District*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Feather River Recreation and Park District (the District), a political subdivision of the state of California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated March 8, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings as items that I consider to be significant deficiencies.

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**INDEPENDENT AUDITOR’S 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***

Continued

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, I 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 my audit; and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**District’s Response to Findings**

The District’s responses to the findings identified in my audit are described in the accompanying schedule of findings. The District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

**Purpose of This Report**

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

*Holly B. Pladson, CPA*

March 8, 2023

Chico, California

**SCHEDULE OF FINDINGS AND RESPONSES**

## SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2022

*Feather River Recreation  
and Park District*

### CASH DISBURSEMENTS

2022-01

#### Control Deficiency

#### Condition

During the test of controls over non-payroll transactions, it was noted that two of the forty items tested were missing one or more receipts.

#### Criteria

In order to maintain control over cash disbursements, all invoices need to have supporting documentation prior to payment.

#### Effect

Sufficient controls over expenditures are not in place to prevent invoices from being paid without proper supporting documentation.

#### *Recommendation*

When checks are given to the General Manager to be signed, the General Manager should verify that all invoices have supporting documentation before payment is made.

#### *Response*

Due to COVID and staff working remotely, some invoices are not delivered to the Business Manager. This finding was noted by the auditor during the 2020-21 audit. Due to timeliness of payments, the Business Manager does send out emails, with a copy to the General Manager, notifying any missing invoices. This internal control procedure remains active, and the General Manager does acknowledge if invoices are missing.

## **SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2022

*Feather River Recreation  
and Park District*

### **PAYROLL**

2022-02

#### **Control Deficiency**

##### **Condition**

During the test of controls over payroll transactions, it was noted that five of the forty timecards selected were not signed by a supervisor.

##### **Criteria**

All timecards need to be approved by a supervisor or General Manager before submitted to Business Manager for processing payroll.

##### **Effect**

Employees could be paid for unapproved hours worked.

##### ***Recommendation***

All timecards should be approved by department supervisor before being submitted to the Business Manager for payment. In the absence of the supervisor, the General Manager should approve timecards. The Business Manager should double check timecards for approval prior to processing payroll.

##### ***Response***

Due to the laws surrounding time lines for payroll, if an approval is missing on the submitted timecard, the Business Manager must move forward with paying the employee and the timecards are submitted to the General Manager for approval after the fact.

This finding was noted in the 2020-21 audit and appears to have been resolved by January 2022, when the audit was presented to the Board. All of these finding were noted prior to January 2022.

Feather River Rec and Park District  
Income Statement by Program  
Janary 2022 - December 2022

	AQ-Aquatics	CL-Classes	EV-Events	MAINTENANCE	ADMIN	RE-Rentals	SC-School	Adult Sports	Youth Sports	Gymnastics	TOTAL
Ac Ordinary Income/Expense											
Income	21,021	43,140	17,150	311,411	2,154,978	76,671	227,461	20,959	35,219	244,787	3,152,797
Expense											
Payroll	35,647	25,810	0	533,009	457,356	0	285,643	17,336	26,170	180,502	1,561,473
General Expenses	2,956	3,424	11,912	477,119	586,490	255	14,241	5,982	5,920	22,171	1,130,470
Utilties (need for Acenter)	0	12,864	0	241,295	20,325	0	25,207	0	0	11,905	311,596
Loan Debt Expense	0	16,836	0	0	8,331	0	18,706	0	0	37,414	81,287
<b>Total Expense</b>	<b>41,559</b>	<b>62,358</b>	<b>23,824</b>	<b>1,251,423</b>	<b>1,072,502</b>	<b>255</b>	<b>343,797</b>	<b>23,318</b>	<b>32,090</b>	<b>251,992</b>	<b>3,084,826</b>
<b>Net Profit/Loss</b>	<b>(17,582)</b>	<b>(15,794)</b>	<b>5,238</b>	<b>(940,012)</b>	<b>1,082,476</b>	<b>76,416</b>	<b>(126,335)</b>	<b>(2,359)</b>	<b>3,129</b>	<b>(7,205)</b>	<b>67,971</b>

Loan Principal Payment 257,000

Act Center Dark- no programming, same Admin staffing, admin assumes debt/utilites Act Center, less admin expenses related to programs (bank fees, janitorial supplies, IT expenses, office supplies, etc)

Janary 2021 - December 2022

	AQ-Aquatics	CL-Classes	EV-Events	MAINTENANCE	ADMIN	RE-Rentals	SC-School	Adult Sports	Youth Sports	Gymnastics	TOTAL
Ac Ordinary Income/Expense											
Income	21,021		17,150	311,411	2,154,978	60,000		20,959	35,219		2,620,738
Expense											
Payroll	35,647		0	533,009	457,356	0		17,336	26,170		1,069,518
General Expenses	2,956		11,912	467,119	436,490	255		5,982	5,920		930,634
Utilties (need for Acenter)	0		0	241,295	35,000	0		0	0		276,295
Loan Debt Expense	0		0	0	81,287	0		0	0		81,287
<b>Total Expense</b>	<b>41,559</b>		<b>23,824</b>	<b>1,241,423</b>	<b>1,010,133</b>	<b>255</b>		<b>23,318</b>	<b>32,090</b>		<b>2,357,734</b>
<b>Net Profit/Loss</b>	<b>(17,582)</b>		<b>5,238</b>	<b>(930,012)</b>	<b>1,144,845</b>	<b>59,745</b>		<b>(2,359)</b>	<b>3,129</b>		<b>263,004</b>

Loan Principal Payment 257,000

Program Employees

	part time	full time	total
Gymnastics	7	1	8
Preschool	1	3	4
Classes- Instructors	5		5
<b>Total</b>	<b>13</b>	<b>4</b>	<b>17</b>

Feather River Recreation & Park District  
 BUDGET  
 2022-23 draft budget completed March 2022

	Open Act Center BUDGET 2022-2023	add programming in parks/events Downsized AC no program BUDGET 2022-2023	difference
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4100 - Tax Revenue	2,200,000	2,200,000	0
4150 - Tax Revenue (BAD)	317,500	317,500	0
4300 - Program Income	816,300	158,000	(658,300) No AC programming, move programming to Parks and Events
4400 - Donation & Fundraising Income	6,000	6,000	0
4600 - Other Income	20,000	0	(20,000) Preschool grant w/BCOE food program payroll reimbursement
4900 - Interest Income	10,000	10,000	0
4905 - Interest Income - BAD	0	0	0
<b>Total Income</b>	<b>3,369,800</b>	<b>2,691,500</b>	<b>(678,300)</b>
<b>Gross Profit</b>	<b>3,369,800</b>	<b>2,691,500</b>	<b>(678,300)</b>
<b>Expense</b>			
5000 - Payroll Expenses	1,841,850	1,224,000	(617,850) No AC less employees
5031 - GASB 68 Benefit Expense	81,800	81,800	0
5033 - GASB Annual Audit Adj	0	0	0
5100 - Advertising & Promotion	5,000	2,500	(2,500) No AC programming
5120 - Bank Fees	8,000	4,000	(4,000) No AC programming
5130 - Charitable Contributions	0	0	0
5140 - Copying & Printing	9,000	6,000	(3,000) No AC programming
5155 - Employment New Hire Screen	2,500	1,300	(1,200) less employees
5160 - Dues, Mbrshps & Subscriptions	11,000	6,000	(5,000)
5170 - Education & Development	5,000	4,500	(500)
5175 - Equipment Rental	4,000	4,000	0
5180 - Equipment, Tools & Furn (<\$5k)	56,000	28,000	(28,000) No AC gym preschool/computers
5200 - Insurance	116,000	85,000	(31,000) No AC
5210 - Interest Expense - Operating	3,500	3,500	0
5225 - Postage & Delivery	1,000	500	(500) downsized
5230 - Professional & Outside Svcs	180,000	135,000	(45,000) Less legal, less audit, less IT
5260 - Repairs & Maintenance	210,000	195,000	(15,000) Less AC maintenance
5270 - Security	20,000	20,000	0 No Adj, move AC sec to parks
5280 - Supplies - Consumable	52,500	37,000	(15,500) No AC less program supplies
5290 - Taxes, Lic., Notices & Permits	7,000	7,000	0
5300 - Telephone/Internet	18,000	10,000	(8,000) No AC downsize phone expense
5310 - Fuel, Travel and Meals	39,000	34,000	(5,000)
5320 - Utilities	385,000	327,500	(57,500) No AC downsize utilities
7000 - Debt Interest	77,000	77,000	0
<b>Total Expense</b>	<b>3,133,150</b>	<b>2,293,600</b>	<b>(839,550)</b>
<b>Net Profit/Loss</b>	<b>236,650</b>	<b>397,900</b>	<b>161,250 annual difference</b>
Non Cash Expense			
5150 - Depreciation	850,000	700,000	
<b>Fixed Assets/Loan Payments/ Out of Ordinary Expenses</b>			
Cash balance carry over- after operating expense	235,650	397,900	
<b>Act Center Annual Loan Payment</b>	<b>262,000</b>	<b>262,000</b>	<b>0 AC loan payment</b>
Admin Office relocate expense		0	