

FEATHER RIVER RECREATION AND PARK DISTRICT

Oroville, California

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

June 30, 2021 and 2020



HOLLY B. PLADSON

—◆ Certified Public Accountant ◆—

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*Feather River Recreation
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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*, issued by the Controller of the state of California. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

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, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 34, the schedule of District's Contributions – California Public Employees' Retirement System on page 34, and the budgetary comparison on page 37 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 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.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the District's basic financial statements. The comparison of budget-to-actual results on page 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 21, 2022, 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
January 21, 2022



2021 BOARD OF DIRECTORS

BOARD MEMBERS

TERM EXPIRATION

Steven Rocchi, Chairperson

December 2022

Shannon DeLong, Vice-Chairperson

December 2024

Scott Fowler, Director

December 2022

Sonny Brandt, Director

December 2024

Devin Thomas, Director

December 2024

GENERAL MANAGER

Shawn Rohrbacker

BUSINESS MANAGER

Deborah Peltzer

FINANCIAL SECTION

STATEMENTS OF NET POSITION

*Feather River Recreation
and Park District*

June 30, 2021	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
ASSETS				
CURRENT ASSETS				
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
Total Current Assets	2,274,977	35,629	831,126	3,141,732
CAPITAL ASSETS - NET	13,333,143	-	-	13,333,143
TOTAL ASSETS	15,608,120	35,629	831,126	16,474,875
DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS	191,855	-	-	191,855
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS	\$ 15,799,975	\$ 35,629	\$ 831,126	\$ 16,666,730

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

STATEMENTS OF NET POSITION

*Feather River Recreation
and Park District*

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

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

STATEMENTS OF NET POSITION

*Feather River Recreation
and Park District*

June 30, 2020	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,025,696	\$ 39,183	\$ 554,014	\$ 3,618,893
Accounts receivable	20,729	-	-	20,729
Grants receivable	31,470	-	-	31,470
Other receivable	2,839	-	-	2,839
Total Current Assets	3,080,734	39,183	554,014	3,673,931
CAPITAL ASSETS - NET	12,284,765	-	-	12,284,765
TOTAL ASSETS	15,365,499	39,183	554,014	15,958,696
DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS	203,139	-	-	203,139
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS	\$ 15,568,638	\$ 39,183	\$ 554,014	\$ 16,161,835

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

STATEMENTS OF NET POSITION

*Feather River Recreation
and Park District*

June 30, 2020	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 489,863	\$ -	\$ -	\$ 489,863
Accrued payroll and liabilities	54,023	-	-	54,023
Deferred revenue	23,317	-	-	23,317
Compensated absences	46,905	-	-	46,905
Current maturities of long-term debt	261,535	-	-	261,535
Total Current Liabilities	875,643	-	-	875,643
NONCURRENT LIABILITIES				
Long-term debt, net of current maturities	2,731,693	-	-	2,731,693
Net pension liability	939,779	-	-	939,779
Total Noncurrent Liabilities	3,671,472	-	-	3,671,472
TOTAL LIABILITIES	4,547,115	-	-	4,547,115
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	134,826	-	-	134,826
NET POSITION				
Non-Spendable				
Invested in capital assets - net of related debt	12,284,765	-	-	12,284,765
Restricted				
Restricted for designated agency fund	-	39,183	554,014	593,197
Unrestricted				
Assigned	333,494	-	-	333,494
Unassigned	(1,731,562)	-	-	(1,731,562)
TOTAL NET POSITION	10,886,697	39,183	554,014	11,479,894
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	\$ 15,568,638	\$ 39,183	\$ 554,014	\$ 16,161,835

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	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
OPERATING REVENUES				
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
Total Operating Revenues	2,929,493	292,283	399,607	3,621,383
OPERATING EXPENSES				
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
Total Operating Expenses	2,745,298	297,536	-	3,042,834
OPERATING INCOME (LOSS)	184,195	(5,253)	399,607	578,549
NONOPERATING REVENUE (EXPENSES)				
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
Total Nonoperating Revenues (Expenses)	379,841	1,699	4,082	385,622
CHANGE IN NET POSITION	564,036	(3,554)	403,689	964,171
Transfer	126,577	-	(126,577)	-
Net Position - Beginning of Year	10,886,697	39,183	554,014	11,479,894
Net Position - End of Year	\$ 11,577,310	\$ 35,629	\$ 831,126	\$ 12,444,065

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, 2020	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
OPERATING REVENUES				
Program service fees	\$ 824,739	\$ -	\$ -	\$ 824,739
Property taxes	1,809,377	283,008	-	2,092,385
Impact and development fees	-	-	105,918	105,918
Donations and grant revenue	111,227	-	-	111,227
Total Operating Revenues	2,745,343	283,008	105,918	3,134,269
OPERATING EXPENSES				
Salaries and benefits	1,689,618	116,783	-	1,806,401
Services and supplies	1,026,504	150,675	-	1,177,179
Depreciation	671,214	-	-	671,214
Total Operating Expenses	3,387,336	267,458	-	3,654,794
OPERATING INCOME (LOSS)	(641,993)	15,550	105,918	(520,525)
NONOPERATING REVENUE (EXPENSES)				
Investment income	54,492	2,912	7,132	64,536
Investment expenses	(102,018)	-	-	(102,018)
Gain on disposal of assets	3,295	-	-	3,295
Other revenue	1,468	-	-	1,468
Insurance recoveries	191,433	-	-	191,433
Total Nonoperating Revenues (Expenses)	148,670	2,912	7,132	158,714
CHANGE IN NET POSITION	(493,323)	18,462	113,050	(361,811)
Transfer	19,000	(19,000)	-	-
Net Position - Beginning of Year	11,361,020	39,721	440,964	11,841,705
Net Position - End of Year	\$ 10,886,697	\$ 39,183	\$ 554,014	\$ 11,479,894

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, 2021	General Fund	Benefit Assessment Fund	Impact Fee Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
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)
Net Cash Provided (Used) by Operating Activities	604,166	(5,253)	399,607	998,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	126,577	-	(126,577)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(1,800,194)	-	-	(1,800,194)
Principal paid on debt	(262,132)	-	-	(262,132)
Interest paid on debt	(93,946)	-	-	(93,946)
Insurance proceeds	468,947	-	-	468,947
Net Cash Used in Capital and Related Financing Activities	(1,687,325)	-	-	(1,687,325)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	4,840	1,699	4,082	10,621
Net Cash Provided by Investing Activities	4,840	1,699	4,082	10,621
Net Increase (Decrease) in Cash and Cash Equivalents	(951,742)	(3,554)	277,112	(678,184)
Cash and Cash Equivalents - Beginning of Year	3,025,696	39,183	554,014	3,618,893
Cash and Cash Equivalents - End of Year	\$ 2,073,954	\$ 35,629	\$ 831,126	\$ 2,940,709

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	General Fund	Benefit Assessment Fund	Impact Fee Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
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
Net Cash Provided (Used) by Operating Activities	\$ 604,166	\$ (5,253)	\$ 399,607	\$ 998,520

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

**STATEMENTS OF CASH FLOWS
(CONTINUED)**

*Feather River Recreation
and Park District*

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

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, 2020	General Fund	Benefit Assessment Fund	Impact Fee Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 840,597	\$ -	\$ -	\$ 840,597
Receipts from taxes and impact fees	1,809,377	283,008	105,918	2,198,303
Receipts from grants	111,227	-	-	111,227
Payments to suppliers	(640,779)	(150,675)	-	(791,454)
Payments to employees	(1,504,883)	(116,783)	-	(1,621,666)
Net Cash Provided by Operating Activities	615,539	15,550	105,918	737,007
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(1,258,715)	(19,000)	-	(1,277,715)
Proceeds from sale of capital assets	9,242	-	-	9,242
Principal paid on debt	(211,477)	-	-	(211,477)
Interest paid on debt	(102,018)	-	-	(102,018)
Insurance proceeds	192,901	-	-	192,901
Net Cash Used in Capital and Related Financing Activities	(1,370,067)	(19,000)	-	(1,389,067)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	54,492	2,912	7,132	64,536
Net Cash Provided by Investing Activities	54,492	2,912	7,132	64,536
Net Increase (Decrease) in Cash and Cash Equivalents	(700,036)	(538)	113,050	(587,524)
Cash and Cash Equivalents - Beginning of Year	3,725,732	39,721	440,964	4,206,417
Cash and Cash Equivalents - End of Year	\$ 3,025,696	\$ 39,183	\$ 554,014	\$ 3,618,893

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, 2020	General Fund	Benefit Assessment Fund	Impact Fee Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (641,993)	\$ 15,550	\$ 105,918	\$ (520,525)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Pension expense	108,561	-	-	108,561
Depreciation	671,214	-	-	671,214
Changes in net assets and liabilities:				
Accounts receivable	19,857	-	-	19,857
Grants receivable	(28,631)	-	-	(28,631)
Other receivable	(2,839)	-	-	(2,839)
Accounts payable	414,356	-	-	414,356
Accrued payroll and liabilities	51,603	-	-	51,603
Deferred revenue	(1,160)	-	-	(1,160)
Compensated absences	24,571	-	-	24,571
Net Cash Provided by Operating Activities	\$ 615,539	\$ 15,550	\$ 105,918	\$ 737,007

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, 2020	General Fund	Benefit Assessment Fund	Impact Fee Fund	Totals
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES				
ACQUISITION OF PROPERTY AND EQUIPMENT				
Cost of property and equipment	\$ 1,258,715	\$ 19,000	\$ -	\$ 1,277,715
Less amount financed	(38,747)	-	-	(38,747)
Cash Used to Acquire Property and Equipment	\$ 1,219,968	\$ 19,000	\$ -	\$ 1,238,968

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.

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 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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

*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.

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.

Cash and Cash Equivalents Cash and cash equivalents include cash on hand, demand deposits in a financial institution, cash held in trust, and deposits in the Butte County Treasury (County). The account in the 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.

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, 2021 and 2020, the fair value of the pool was 100.0058% and 100.0184%, respectively, of the carrying value, which amounted to a net increase of \$15,666 and \$35,865, respectively. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

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

Deferred Revenue Activity fees paid prior to the utilization of the services are recorded as deferred revenue.

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 Position Net Position is classified into three components. These components consist of:

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

Feather River Recreation and Park District

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 61.7% and 66.8% of its operating revenue in 2021 and 2020, respectively, from property taxes.

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 2020 financial statements in order to insure comparability with the 2021 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2020.

Deferred Outflows/ Inflows of Resources From Pensions 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 Pension Liability For purposes of measuring the net pension liability, deferred outflows of resources/ deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the California Public Employees’ Retirement System (CalPERS), and additions to/ deductions from CalPERS’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. Investments are reported at fair value.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

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

The District is required under state statutes to deposit most of its money in the County Treasury, which in turn pays the claims of the District. The County Treasury is limited in its investments by *California Government Code*, Section 53635, pursuant to Section 53601, to invest in demand deposits with financial institutions, savings accounts, certificates of deposits, U.S. Treasury securities, federal agency securities, state of California notes or bonds, notes or bonds of agencies within the state of California, obligations guaranteed by the Small Business Administration, bankers' acceptances, commercial paper, and the Local Agency Investment Fund (LAIF) of the state of California. The deposits in the County Treasury pooled funds are unrated.

Cash and cash equivalents consisted of the following:

June 30	2021	2020
Petty Cash	\$ -	\$ 584
Deposits (1)	50,184	1,243,408
Cash held in trust (2)	188,856	188,856
County Treasury investment pool (3)	2,701,669	2,186,045
Total	\$ 2,940,709	\$ 3,618,893

- (1) **Deposits** 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.
- (3) **Investments That are Not Securities** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District has a collateralization agreement with the bank, which mitigates custodial credit risk. The cash balances in the bank at June 30, 2021 and 2020, amounted to \$2,971,845 and \$1,631,370, respectively. Deposits amounting to \$250,000 are covered by depository insurance. Any balances above \$250,000 are subject to the collateralization agreement.

Fair Value Measurements

The District categorizes its investments in the County Treasury pooled funds within the fair value hierarchy, as a level 2 investment.

3. CAPITAL ASSETS

Changes in capital assets consist of the following:

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

June 30	Balance 2019	Additions	Retirements	Transfers	Balance 2020
NONDEPRECIATING CAPITAL ASSETS					
Land	\$ 627,494	\$ -	\$ -	\$ -	\$ 627,494
Construction in progress	17,351	984,593	-	(90,004)	911,940
Total Nondepreciating Capital Assets	644,845	984,593	-	(90,004)	1,539,434
DEPRECIATING CAPITAL ASSETS					
Structures and improvements	14,888,897	140,123	-	-	15,029,020
Equipment	974,573	152,999	(67,436)	90,004	1,150,140
Subtotal	15,863,470	293,122	(67,436)	90,004	16,179,160
Less: Accumulated depreciation	(4,824,104)	(671,214)	61,489	-	(5,433,829)
Total Depreciating Capital Assets	11,039,366	(378,092)	(5,947)	90,004	10,745,331
Total Capital Assets - Net	\$ 11,684,211	\$ 606,501	\$ (5,947)	\$ -	\$ 12,284,765

Depreciation for the years ended June 30, 2021 and 2020 was \$751,816 and \$671,214, 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 2021 and 2020 fiscal years to be \$3,637,912 and \$3,844,658, respectively.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

***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, 2021 and 2020 is as follows:

	2020	2021
Total Assets and Deferred Outflows	\$ 131,272,470	\$ 140,466,966
Total Liabilities and Deferred Inflows	70,329,836	74,123,679
Net Assets	\$ 60,942,634	\$ 66,343,287
Total Revenues	\$ 82,177,782	\$ 83,706,987
Total Expenses	77,599,711	78,306,334
Change in Net Assets	\$ 4,578,071	\$ 5,400,653

6. LONG-TERM DEBT

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

June 30	2021	2020
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	\$ 11,179
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.	28,299	35,234
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.	2,614,914	2,832,815
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.	87,000	114,000
Subtotal	2,731,096	2,993,228
Current maturities of long-term debt	(261,370)	(261,535)
Long-Term Debt - Net of Current Maturities	\$ 2,469,726	\$ 2,731,693

A schedule of changes in long-term debt follows:

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
Totals	\$ 2,993,228	\$ -	\$ (262,132)	\$ 2,731,096

June 30	2019	Additions	Payments	2020
Ford Motor Company notes	\$ 20,930	\$ 38,747	\$ (13,264)	\$ 46,413
Certificates of participation	3,183,775	-	(236,960)	2,946,815
Totals	\$ 3,204,705	\$ 38,747	\$ (250,224)	\$ 2,993,228

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

*Feather River Recreation
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Scheduled principal and interest payments are as follows:

Years Ending June 30	Principal	Interest	Total
2022	\$ 261,370	\$ 87,266	\$ 348,636
2023	269,408	78,113	347,521
2024	278,610	68,651	347,261
2025	252,487	59,375	311,862
2026	256,184	51,127	307,311
2027 - 2031	1,413,037	123,522	1,536,559
Total	\$ 2,731,096	\$ 468,054	\$ 3,199,150

7. COMPENSATED ABSENCES

The schedule of changes in compensated absences follows:

Balance - June 30, 2019	\$ 22,334
Amount earned	56,896
Amount paid	(32,325)
Balance - June 30, 2020	\$ 46,905
Amount earned	53,110
Amount paid	(52,449)
Balance - June 30, 2021	\$ 47,566

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

*Feather River Recreation
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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.

Contributions Active plan members are required to contribute 6.75% of their salary (6.75% of the monthly salary over \$133.33 if the member participates in Social Security), 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 2021 and 2020 fiscal years were 7.59% and 6.98%, respectively. The contribution requirements of the Plan members are established by state statute. For the years ended June 30, 2021 and 2020, 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, 2021 and 2020 amounted to \$54,356 and \$53,221, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions At June 30, 2021 and 2020, the District reported a net pension liability of \$1,036,482 and \$939,779, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and June 30, 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and June 30, 2018, respectively, rolled forward to June 30, 2020 and June 30, 2019, 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, 2020, and June 30, 2019, the District’s proportionate share was 0.0203% and 0.0208%, respectively.

For the year ended June 30, 2021, and 2020, the District recognized pension expense of \$55,102 and \$53,282, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows Resources	Deferred Inflows Resources
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	-
Total	\$ 191,855	\$ 108,475

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

*Feather River Recreation
and Park District*

June 30, 2020	Deferred Outflows Resources	Deferred Inflows Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 16,430
Differences between District contributions and proportionate share of contributions	-	96,443
Differences between expected and actual experience	65,272	5,057
Changes in assumptions	44,812	15,886
Changes in proportions	39,834	1,010
District contributions subsequent to the measurement date	53,221	-
Total	\$ 203,139	\$ 134,826

The \$54,356 and \$53,221 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, 2021 and 2020, 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	
2022	\$ (13,937)
2023	12,511
2024	15,683
2025	14,767
Total	\$ 29,024

Actuarial Assumptions The total pension liability in the June 30, 2019 and June 30, 2018, actuarial valuation for CalPERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

*Feather River Recreation
and Park District*

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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.

Asset Class	Target Allocation	Rate of Return Years 1 - 10	Rate of Return Years 11+
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%
Total	100%		

Discount Rate The discount rate used to measure the total pension liability for June 30, 2021 and June 30, 2020 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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
June 30, 2021			
District's proportionate share of the net pension liability	\$ 1,548,109	\$ 1,036,482	\$ 613,741
June 30, 2020			
District's proportionate share of the net pension liability	\$ 1,442,432	\$ 939,779	\$ 524,874

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 \$130,993 and \$126,788 as of June 30, 2021 and 2020, respectively. The current lease expired on June 1, 2018. The District approved an amendment to the original lease agreement to extend the agreement an additional five years. All property 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. RECENT ACCOUNTING PRONOUNCEMENTS***GASB issued 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 foundation principles that leases are financing 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 the lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of the Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District's is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 92, Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing, and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 21, 2022, 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.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenues. Other financial impact could occur, though such potential impact is unknown at this time.

The District takes the safety and health of our community and staff very seriously. The District has chosen to take actions to limit the spread of this virus. Therefore, the District has made the tough decision to cancel or postpone programs in several areas. Effective March 18, 2020, the Activity Center and all programs were closed through June 2020. In July 2020, minimal indoor programming and preschool reopened with limited capacity and modifications. Since March 2020, the following programs have been heavily modified and/or cancelled: Preschool, Facility Rental and Events, Indoor Sports, Indoor Recreation, including Gymnastics.

In March 2020, the District suspended positions, including 64 part-time employees, 2 full-time staff, and 1 supervisor. The District slowly had staff return to work as state regulations allowed. During the 2020-21 fiscal year, average payroll was 25-30 active employees, compared to 50-75 active employees pre-COVID.

As a result of COVID-19, the District's loss in revenues for the fiscal year ended June 30, 2021 is estimated at \$450,000 due to cancelation of recreation programs, events, classes and facility rentals. Although the District experienced a loss of revenues due to COVID-19 closure, 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	2021	2020	2019	2018	2017
District's portion of the net pension liability (asset)	0.02032%	0.02078%	0.02139%	0.02164%	0.02192%
District's portionate share of the net pension liability (asset)	\$ 1,036,482	\$ 939,779	\$ 842,871	\$ 844,607	\$ 709,041
District's covered-employee payroll	\$ 634,689	\$ 706,773	\$ 639,386	\$ 497,411	\$ 535,866
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.31%	132.97%	131.83%	169.80%	132.32%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.90%	74.52%	80.82%

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

Years Ended June 30	2021	2020	2019	2018	2017
Contractually required contribution	\$ 54,356	\$ 53,221	\$ 45,222	\$ 37,288	\$ 42,006
Contributions in relation to the contractually required contribution	(54,356)	(53,221)	(45,222)	(37,288)	(42,006)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 634,689	\$ 706,773	\$ 639,386	\$ 497,411	\$ 535,866
Contributions as a percentage of covered-employee payroll	8.56%	7.53%	7.07%	7.50%	7.84%

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, 2021	Adopted Original Budget	Approved Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Program service fees	\$ 732,200	\$ 454,450	\$ 468,315	\$ 13,865
Property taxes - General Fund	1,900,000	1,800,000	1,943,133	143,133
Property taxes - BAD Fund	297,536	297,536	292,283	(5,253)
Impact fee	-	-	399,607	399,607
Grant revenue	3,500	2,000	518,045	516,045
Total Operating Revenues	2,933,236	2,553,986	3,621,383	1,067,397
OPERATING EXPENSES				
Salaries and benefits	1,710,066	1,411,571	1,332,466	79,105
Services and supplies	1,029,175	1,023,342	958,552	64,790
Total Cash Operating Expenses	2,739,241	2,434,913	2,291,018	143,895
Depreciation (Noncash)	-	-	751,816	751,816
Total Operating Expenses	2,739,241	2,434,913	3,042,834	895,711
Operating Income (Loss)	193,995	119,073	578,549	171,686
Nonoperating Revenues (Expenses)				
Interest income	12,000	12,000	10,621	(1,379)
Interest expense	(95,990)	(93,945)	(93,946)	(1)
Other operating revenue	200	200	5,097	4,897
Insurance proceeds	-	-	463,850	463,850
Total Nonoperating Revenue (Expenses)	(83,790)	(81,745)	385,622	467,367
Change in Net Position	110,205	37,328	964,171	639,053
Capital assets	-	-	(1,800,194)	(1,800,194)
Principal long-term debt payments	(242,166)	(242,166)	(262,132)	(19,966)
Change in Net Position Less Capital Assets and Long-Term Debt Payments	\$ (131,961)	\$ (204,838)	\$ (1,098,155)	\$ (1,181,107)

* 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated January 21, 2022.

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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

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

January 21, 2022

Chico, California

SCHEDULE OF FINDINGS AND RESPONSES

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2021

*Feather River Recreation
and Park District*

CASH DISBURSEMENTS

2021-01

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 and five of the forty items tested did not have approval of the General Manager or anyone with the authority to approve the invoice prior to payment.

Criteria

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

Effect

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

Recommendation

The General Manager should review and approve all disbursements that do not have any other approval, including all credit card statements and monthly utility invoices. When checks are given to the General Manager to be signed, the General Manager should verify that all invoices have supporting documentation and approval before payment is made.

Response

Due to COVID and staff working remotely, some invoices were approved via text and phone conversations and without hardcopy backup. This finding was noted by the auditor during the 2019-20 audit. Due to timeliness of payments, the Business Manager updated internal procedures to address the 2019-20 finding by adding the General Manager's approval to all invoices/ statements during the check signing of the bi-weekly check run. This internal control procedure remains active, and the General Manager will approve all invoices.

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2021

*Feather River Recreation
and Park District*

PAYROLL

2021-02

Control Deficiency

Condition

During the test of controls over payroll transactions, it was noted that six of the forty timecards selected were not signed by a supervisor and two of the forty employees selected did not have current pay rates in their personnel files (one of the personnel files was missing).

Criteria

It is the responsibility of the Business Manager to safeguard the personnel files. The Business Manager needs to double check the accuracy of the rate of pay input into the accounting system (QuickBooks) and verify it with the Personnel Action Form. All timecards need to be approved by supervisor or General Manager before submitted to Business Manager for processing payroll.

Effect

Employees could be paid an incorrect wage amount, and could be paid for unapproved hours worked.

Recommendation

Business Manager needs to maintain control over the personnel files and not allow them to leave her office. Personnel Action Forms (PAF) should be initialed by management to signify a personnel status change such as pay rate, job title, or termination. The Business Manager should not make any changes to payroll rates within the accounting system without the approved PAF.

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

All PAFs and personnel files will be reviewed quarterly by the Business Manager to ensure both supporting documents and personnel files are reconciled and in the proper location.

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.

In 2022, the District is moving to an electronic payroll system, in which the internal controls will require both supervisor and General Manger to approve timecards before payroll is processed.