

**Feather River Recreation and Park District**  
Oroville, California

REPORT TO THE BOARD OF DIRECTORS

**June 30, 2019**



K · C O E  
I S O M



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

We have audited the financial statements of Feather River Recreation and Park District (the District), as of and for the year ended June 30, 2019, and have issued our report thereon dated May 8, 2020. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated August 29, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance With All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Safeguards have been implemented to reduce the threats on our independence. These safeguards include continuing education related to independence and ethics requirements; external peer review of our firm's quality control system; our firm's internal policies and procedures which are designed to monitor compliance with the independence requirements; and the involvement of another firm member who is responsible for completing an independent technical review of the financial statements and significant audit conclusions.

## **Qualitative Aspects of the District's Significant Accounting Practices**

**Significant Accounting Policies** Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about: (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Significant Accounting Estimates** Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the useful lives of depreciable capital assets which is based on historical trends with similar assets. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the pension liability which is based on an accounting valuation report received from CalPERS. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

**Financial Statement Disclosures** Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the pension liability and Riverbend Park construction commitments.

## **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements.

### **Disagreements With Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

### **Representations Requested From Management**

We have requested certain written representations from management that are included in the management representation letter dated May 8, 2020.

### **Management's Consultations With Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for 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.

*KCae Team, LLP*

May 8, 2020  
Chico, California

# **Feather River Recreation and Park District**

**Oroville, California**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT**

**June 30, 2019 and 2018**



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# Feather River Recreation and Park District

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June 30, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

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

We 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, 2019 and 2018; 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*, issued by the Controller of the state of California. Those standards require that we plan and perform the audits 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of June 30, 2019 and 2018; and the 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 32 and schedule of District's Contributions – California Public Employees' Retirement System on page 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The comparison of budget-to-actual results on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



## **INDEPENDENT AUDITORS' REPORT**

(Continued)

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 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 our opinion, the accompanying supplementary information on page 34 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Board of Directors on page 4 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*KCae Team, LLP*

May 8, 2020  
Chico, California



**2019 BOARD OF DIRECTORS**

**BOARD MEMBERS**

**TERM EXPIRATION**

Scott Kent Fowler, Chairperson	December 2022
Steven Rocchi, Director	December 2022
Marcia Carter, Director	December 2020
Sonny Brandt, Director	December 2022
Devin Thomas, Director	December 2022

**GENERAL MANAGER**

Shawn Rohrbacker

**FINANCE MANAGER**

Deborah Peltzer

**FINANCIAL SECTION**

# Feather River Recreation and Park District

## STATEMENTS OF NET POSITION

June 30, 2019

	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 3,725,732	\$ 39,721	\$ 440,964	\$ 4,206,417
Accounts receivable	40,586	-	-	40,586
Grants receivable	2,839	-	-	2,839
<b>Total Current Assets</b>	<b>3,769,157</b>	<b>39,721</b>	<b>440,964</b>	<b>4,249,842</b>
<b>Capital Assets - Net</b>	<b>11,684,211</b>	<b>-</b>	<b>-</b>	<b>11,684,211</b>
<b>TOTAL ASSETS</b>	<b>15,453,368</b>	<b>39,721</b>	<b>440,964</b>	<b>15,934,053</b>
<b>DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>				
	204,906	-	-	204,906
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,658,274</b>	<b>\$ 39,721</b>	<b>\$ 440,964</b>	<b>\$ 16,138,959</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF NET POSITION**  
(Continued)

		General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
June 30, 2019					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Current maturities of long-term debt	\$	246,667	\$ -	\$ -	246,667
Accounts payable		75,507	-	-	75,507
Accrued expenses		2,420	-	-	2,420
Program advances		24,477	-	-	24,477
Compensated absences		22,334	-	-	22,334
<b>Total Current Liabilities</b>		<b>371,405</b>	<b>-</b>	<b>-</b>	<b>371,405</b>
Long-term debt - net of current maturities		2,958,038	-	-	2,958,038
Net pension liability		842,871	-	-	842,871
<b>TOTAL LIABILITIES</b>		<b>4,172,314</b>	<b>-</b>	<b>-</b>	<b>4,172,314</b>
<b>DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>					
		124,940	-	-	124,940
<b>NET POSITION</b>					
Net investment in capital assets		9,385,831	-	-	9,385,831
Restricted		-	39,721	440,964	480,685
Unrestricted		1,975,189	-	-	1,975,189
<b>TOTAL NET POSITION</b>		<b>11,361,020</b>	<b>39,721</b>	<b>440,964</b>	<b>11,841,705</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES FROM PENSIONS, AND NET POSITION</b>					
	\$	15,658,274	\$ 39,721	\$ 440,964	\$ 16,138,959

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

**Feather River Recreation and Park District**

STATEMENTS OF NET POSITION

(Continued)

June 30, 2018	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 3,853,603	\$ 42,696	\$ 246,364	\$ 4,142,663
Accounts receivable	34,533	-	-	34,533
Grants receivable	226,347	-	-	226,347
<b>Total Current Assets</b>	<b>4,114,483</b>	<b>42,696</b>	<b>246,364</b>	<b>4,403,543</b>
<b>Capital Assets - Net</b>	<b>8,911,115</b>	<b>-</b>	<b>-</b>	<b>8,911,115</b>
<b>TOTAL ASSETS</b>	<b>13,025,598</b>	<b>42,696</b>	<b>246,364</b>	<b>13,314,658</b>
<b>DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>				
	232,623	-	-	232,623
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 13,258,221</b>	<b>\$ 42,696</b>	<b>\$ 246,364</b>	<b>\$ 13,547,281</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF NET POSITION**  
(Continued)

	June 30, 2018	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Current maturities of long-term debt	\$	238,433	\$	-	\$ 238,433
Accounts payable		649,605	-	-	649,605
Accrued expenses		1,903	-	-	1,903
Program advances		21,160	-	-	21,160
Compensated absences		24,201	-	-	24,201
<b>Total Current Liabilities</b>		935,302	-	-	935,302
Long-term debt - net of current maturities		3,204,747	-	-	3,204,747
Net pension liability		844,607	-	-	844,607
<b>TOTAL LIABILITIES</b>		4,984,656	-	-	4,984,656
<b>DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>		149,733	-	-	149,733
<b>NET POSITION</b>					
Net investment in capital assets		6,439,517	-	-	6,439,517
Restricted		-	42,696	246,364	289,060
Unrestricted		1,684,315	-	-	1,684,315
<b>TOTAL NET POSITION</b>		8,123,832	42,696	246,364	8,412,892
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES FROM PENSIONS, AND NET POSITION</b>		\$ 13,258,221	\$ 42,696	\$ 246,364	\$ 13,547,281

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

# Feather River Recreation and Park District

## STATEMENTS OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET POSITION

Year Ended June 30, 2019	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>Operating Revenues</b>				
Program service fees	\$ 915,613	\$ -	\$ -	\$ 915,613
Property taxes	1,737,424	275,037	-	2,012,461
Impact fees	-	-	197,744	197,744
Grant revenue	9,120	-	-	9,120
<b>Total Operating Revenues</b>	<b>2,662,157</b>	<b>275,037</b>	<b>197,744</b>	<b>3,134,938</b>
<b>Operating Expenses</b>				
Salaries and benefits	1,436,280	126,075	-	1,562,355
Services and supplies	1,009,108	154,180	-	1,163,288
Depreciation	540,783	-	-	540,783
<b>Total Operating Expenses</b>	<b>2,986,171</b>	<b>280,255</b>	<b>-</b>	<b>3,266,426</b>
<b>Operating Income (Loss)</b>	<b>(324,014)</b>	<b>(5,218)</b>	<b>197,744</b>	<b>(131,488)</b>
<b>Nonoperating Revenue (Expense)</b>				
Interest income	14,243	2,243	4,598	21,084
Interest expense	(111,240)	-	-	(111,240)
Other nonoperating revenue - net	885	-	-	885
Insurance proceeds	3,649,572	-	-	3,649,572
<b>Total Nonoperating Revenue (Expense)</b>	<b>3,553,460</b>	<b>2,243</b>	<b>4,598</b>	<b>3,560,301</b>
<b>Change in Net Position Before Transfer</b>	<b>3,229,446</b>	<b>(2,975)</b>	<b>202,342</b>	<b>3,428,813</b>
Transfer	7,742	-	(7,742)	-
<b>Change in Net Position</b>	<b>3,237,188</b>	<b>(2,975)</b>	<b>194,600</b>	<b>3,428,813</b>
<b>Net Position - Beginning of Year</b>	<b>8,123,832</b>	<b>42,696</b>	<b>246,364</b>	<b>8,412,892</b>
<b>Net Position - End of Year</b>	<b>\$ 11,361,020</b>	<b>\$ 39,721</b>	<b>\$ 440,964</b>	<b>\$ 11,841,705</b>

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



**Feather River Recreation and Park District**  
**STATEMENTS OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET POSITION**  
(Continued)

Year Ended June 30, 2018	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>Operating Revenues</b>				
Program service fees	\$ 965,239	-	-	\$ 965,239
Property taxes	1,644,859	264,639	-	1,909,498
Impact fees	-	-	49,474	49,474
Grant revenue	189,851	-	-	189,851
<b>Total Operating Revenues</b>	<b>2,799,949</b>	<b>264,639</b>	<b>49,474</b>	<b>3,114,062</b>
<b>Operating Expenses</b>				
Salaries and benefits	1,464,402	110,745	-	1,575,147
Services and supplies	859,243	136,723	-	995,966
Depreciation	410,938	-	-	410,938
<b>Total Operating Expenses</b>	<b>2,734,583</b>	<b>247,468</b>	<b>-</b>	<b>2,982,051</b>
<b>Operating Income</b>	<b>65,366</b>	<b>17,171</b>	<b>49,474</b>	<b>132,011</b>
<b>Nonoperating Revenue (Expense)</b>				
Interest income	11,140	1,357	2,892	15,389
Interest expense	(118,983)	-	-	(118,983)
Other nonoperating revenue - net	179	-	-	179
Gain on impairment of assets	3,096,270	-	-	3,096,270
<b>Total Nonoperating Revenue (Expense)</b>	<b>2,988,606</b>	<b>1,357</b>	<b>2,892</b>	<b>2,992,855</b>
<b>Change in Net Position Before Transfer</b>	<b>3,053,972</b>	<b>18,528</b>	<b>52,366</b>	<b>3,124,866</b>
Transfer	49,788	-	(49,788)	-
<b>Change in Net Position</b>	<b>3,103,760</b>	<b>18,528</b>	<b>2,578</b>	<b>3,124,866</b>
<b>Net Position - Beginning of Year</b>	<b>5,020,072</b>	<b>24,168</b>	<b>243,786</b>	<b>5,288,026</b>
<b>Net Position - End of Year</b>	<b>\$ 8,123,832</b>	<b>\$ 42,696</b>	<b>\$ 246,364</b>	<b>\$ 8,412,892</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF CASH FLOWS**

Year Ended June 30, 2019	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,136,385	\$ -	\$ -	1,136,385
Receipts from taxes	1,737,424	275,037	-	2,012,461
Receipts from grants	9,120	-	-	9,120
Payments to suppliers	(1,583,206)	(154,180)	-	(1,737,386)
Payments to employees	(1,436,442)	(126,075)	-	(1,562,517)
Other receipts	-	-	197,744	197,744
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(136,719)</b>	<b>(5,218)</b>	<b>197,744</b>	<b>55,807</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(3,306,137)	-	(7,742)	(3,313,879)
Principal paid on debt	(238,475)	-	-	(238,475)
Interest paid on debt	(111,240)	-	-	(111,240)
Insurance proceeds	3,649,572	-	-	3,649,572
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,280)</b>	<b>-</b>	<b>(7,742)</b>	<b>(14,022)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	14,243	2,243	4,598	21,084
Other income	885	-	-	885
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>15,128</b>	<b>2,243</b>	<b>4,598</b>	<b>21,969</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(127,871)</b>	<b>(2,975)</b>	<b>194,600</b>	<b>63,754</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>3,853,603</b>	<b>42,696</b>	<b>246,364</b>	<b>4,142,663</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,725,732</b>	<b>\$ 39,721</b>	<b>\$ 440,964</b>	<b>\$ 4,206,417</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF CASH FLOWS**  
(Continued)

Year Ended June 30, 2019	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (324,014)	\$ (5,218)	\$ 197,744	\$ (131,488)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Pension expense	1,188	-	-	1,188
Depreciation	540,783	-	-	540,783
Changes in net assets and liabilities:				
Receivables	217,455	-	-	217,455
Accounts payable	(574,098)	-	-	(574,098)
Accrued expenses	517	-	-	517
Program advances	3,317	-	-	3,317
Compensated absences	(1,867)	-	-	(1,867)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (136,719)</b>	<b>\$ (5,218)</b>	<b>\$ 197,744</b>	<b>\$ 55,807</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF CASH FLOWS**  
(Continued)

Year Ended June 30, 2018	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 836,829	\$ -	\$ -	836,829
Receipts from taxes	1,644,859	264,639	-	1,909,498
Receipts from grants	189,851	-	-	189,851
Payments to suppliers	(293,839)	(136,723)	-	(430,562)
Payments to employees	(1,384,337)	(110,745)	-	(1,495,082)
Other receipts	-	-	49,474	49,474
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>993,363</b>	<b>17,171</b>	<b>49,474</b>	<b>1,060,008</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(1,612,548)	-	(49,788)	(1,662,336)
Principal paid on debt	(228,197)	-	-	(228,197)
Interest paid on debt	(118,983)	-	-	(118,983)
Insurance proceeds	3,096,270	-	-	3,096,270
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>1,136,542</b>	<b>-</b>	<b>(49,788)</b>	<b>1,086,754</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	11,140	1,357	2,892	15,389
Other income	179	-	-	179
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>11,319</b>	<b>1,357</b>	<b>2,892</b>	<b>15,568</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,141,224</b>	<b>18,528</b>	<b>2,578</b>	<b>2,162,330</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>1,712,379</b>	<b>24,168</b>	<b>243,786</b>	<b>1,980,333</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,853,603</b>	<b>\$ 42,696</b>	<b>\$ 246,364</b>	<b>\$ 4,142,663</b>

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

**Feather River Recreation and Park District**  
**STATEMENTS OF CASH FLOWS**  
(Continued)

Year Ended June 30, 2018	General Fund	Benefit Assessment Fund	Impact Fees Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Net income	\$ 65,366	\$ 17,171	\$ 49,474	\$ 132,011
Adjustments to reconcile net income to net cash provided by operating activities:				
Pension expense	91,678	-	-	91,678
Depreciation	410,938	-	-	410,938
Changes in net assets and liabilities:				
Receivables	(124,784)	-	-	(124,784)
Accounts payable	565,404	-	-	565,404
Compensated absences	(8,033)	-	-	(8,033)
Accrued expenses	(3,580)	-	-	(3,580)
Program advances	(3,626)	-	-	(3,626)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 993,363</b>	<b>\$ 17,171</b>	<b>\$ 49,474</b>	<b>\$ 1,060,008</b>

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

# Feather River Recreation and Park District

## NOTES TO THE FINANCIAL STATEMENTS

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### 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** The 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 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. 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 submits 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 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.

**Cash and Investments** Cash and investments include cash on hand, demand deposits in a financial institution, cash held in trust, and deposits in the Butte County Treasury (the County). The District maintains substantially all of its cash in the County 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, 2019 and 2018, the fair value of the pool was 100.42% and 98.87%, respectively, of the carrying value, and is deemed to not represent a material difference. 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.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**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 upon 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.

**Capital Assets** Capital assets are reported at historical cost, or in the case of donated items, at fair market value on the date donated. The District's capitalization policy includes all items with a unit cost of \$5,000 or more. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are 10 to 40 years for structures and improvements, and 3 to 7 years for equipment.

**Program Advances** Activity fees paid prior to the utilization of the services are recorded as program advances.

**Compensated Absences** The District's policy allows employees to accumulate all unused vacation and sick leave. Upon retirement or separation from the District, the employee is entitled to full compensation for unused vacation with a cap of \$2,500 for unused sick leave 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.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Deferred Outflows/Inflows of Resources From Pensions** In addition to assets, the statements of net position include 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, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions, subsequent to the measurement date, will be amortized during the next fiscal year.

In addition to liabilities, the statements of net position include 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, the differences between District 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.

**Operating Income and Expenses** The statements 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.

**Net Position** Net position is classified into three components. These components consist of: 1) 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; 2) Restricted, which consists of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation; and 3) Unrestricted, which is the remaining balance. Unrestricted net position may be reserved or designated for future expenditures.

**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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

**Property Taxes** Property taxes are levied by Butte County on the District's behalf and are intended to support operations and to service debt. Secured property taxes attach as an enforceable lien on property as of March 1. Property tax revenue is recognized when received. The amount of property tax received is dependent upon the assessed real property valuations as determined by the Butte County Assessor. Property taxes on the secured roll are due in two annual equal installments on November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District received approximately 64% and 61% of its operating revenue in 2019 and 2018, 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.

**Pensions** For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions 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.

## 2. CASH AND INVESTMENTS

Cash and investments consisted of the following:

June 30	2019	2018
<b>Cash and Investments</b>		
Petty cash	\$ 1,000	\$ 1,000
Deposits (1)	1,775,134	2,177,143
Cash held in trust (2)	188,856	188,856
County Treasury pooled funds (3)	2,241,427	1,775,664
<b>Totals</b>	<b>\$ 4,206,417</b>	<b>\$ 4,142,663</b>

- (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.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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The District is required under State statutes to deposit 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, 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.

#### **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 a bank, which mitigates custodial credit risk. The cash balances in the bank at June 30, 2019 and 2018, amounted to \$2,014,864 and \$2,184,469, 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 investment in the County Treasurer pooled funds within the fair value hierarchy, as a level 2 investment.

**Feather River Recreation and Park District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**3. CAPITAL ASSETS**

Changes in capital assets consisted of the following:

June 30	2018		2019	
	June 30	2018	2018	2019
			Retirements	Transfers
<b>Nondepreciating Capital Assets</b>				
Land	\$ 627,494	\$ -	\$ -	\$ 627,494
Construction in progress	1,425,330	3,306,557	-	(4,714,536)
<b>Depreciating Capital Assets</b>				
Structures and improvements	10,314,889	-	-	4,574,008
Equipment	826,723	7,322	-	140,528
<b>Subtotals</b>	13,194,436	3,313,879	-	-
Accumulated depreciation	(4,283,321)	(540,783)	-	(4,824,104)
<b>Total Capital Assets - Net</b>	\$ 8,911,115	\$ 2,773,096	\$ -	\$ 11,684,211
<b>June 30</b>	<b>2017</b>	<b>2017</b>	<b>Retirements</b>	<b>Transfers</b>
<b>Nondepreciating Capital Assets</b>				
Land	\$ 627,494	\$ -	\$ -	\$ 627,494
Construction in progress	13,152	1,522,600	-	(110,422)
<b>Depreciating Capital Assets</b>				
Structures and improvements	10,190,772	13,695	-	110,422
Equipment	663,055	163,668	-	-
<b>Subtotals</b>	11,494,473	1,699,963	-	-
Accumulated depreciation	(3,872,383)	(410,938)	-	-
<b>Total Capital Assets - Net</b>	\$ 7,622,090	\$ 1,289,025	\$ -	\$ 8,911,115

**Feather River Recreation and Park District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. COMPENSATED ABSENCES**

The schedule of changes in compensated absences follows:

<b>Balance - July 1, 2017</b>	\$	32,234
Amount earned		57,109
Amount paid		(65,142)
<b>Balance - June 30, 2018</b>		24,201
Amount earned		48,056
Amount paid		(49,923)
<b>Balance - June 30, 2019</b>	\$	22,334

**5. LONG-TERM DEBT**

A schedule of long-term debt balances follows:

June 30	2019	2018
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.	\$ 20,930	\$ 30,165
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.	3,043,775	3,248,015
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.	140,000	165,000
<b>Subtotals</b>	<b>3,204,705</b>	<b>3,443,180</b>
Current maturities of long-term debt	(246,667)	(238,433)
<b>Long-Term Debt - Net of Current Maturities</b>	<b>\$ 2,958,038</b>	<b>\$ 3,204,747</b>

**Feather River Recreation and Park District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

A schedule of changes in long-term debt follows:

June 30	2018	Additions	Payments	2019
Ford Motor Company note	\$ 30,165	\$ -	\$ 9,235	\$ 20,930
Certificates of participation	3,413,015	-	229,240	3,183,775
<b>Totals</b>	<b>\$ 3,443,180</b>	<b>\$ -</b>	<b>\$ 238,475</b>	<b>\$ 3,204,705</b>

June 30	2017	Additions	Payments	2018
Ford Motor Company note	\$ -	\$ 37,627	\$ 7,462	\$ 30,165
Certificates of participation	3,633,750	-	220,735	3,413,015
<b>Totals</b>	<b>\$ 3,633,750</b>	<b>\$ 37,627</b>	<b>\$ 228,197</b>	<b>\$ 3,443,180</b>

Scheduled principal and interest payments are as follows:

Years Ending June 30	Principal	Interest	Total
2020	\$ 246,667	\$ 102,962	\$ 349,629
2021	255,151	94,347	349,498
2022	254,085	85,582	339,667
2023	261,475	76,946	338,421
2024	270,124	68,036	338,160
2025-2029	1,324,451	212,107	1,536,558
2030-2031	592,752	21,830	614,582
<b>Total</b>	<b>\$ 3,204,705</b>	<b>\$ 661,810</b>	<b>\$ 3,866,515</b>

**6. 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 2019 and 2018 fiscal years to be \$3,684,808 and \$3,537,031, respectively.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### 7. 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 the 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.

**Contributions** Active plan members are required to contribute 7.0% of their salary (7.0% 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 rates for the 2019 and 2018 fiscal years were 8.89% and 8.418%, respectively. The contribution requirements of the Plan members are established by state statute. For the years ended June 30, 2019 and 2018, 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, 2019 and 2018, amounted to \$45,222 and \$37,288, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2019 and 2018, the District reported a net pension liability of \$842,871 and \$844,607, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward through June 30, 2018, 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, actuarially determined. At June 30, 2018 and 2017, the District's proportionate share was 0.0214% and 0.0216%, respectively.

**Feather River Recreation and Park District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$46,410 and \$61,927, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2019	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 4,167	\$ -
Differences between District contributions and proportionate share of pension contributions	-	88,112
Differences between District expected and actual experience	32,339	11,005
Changes in assumptions	96,090	23,550
Changes in proportions	27,088	2,273
District contributions subsequent to the measurement date	45,222	-
<b>Totals</b>	<b>\$ 204,906</b>	<b>\$ 124,940</b>

June 30, 2018	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 32,709	\$ -
Differences between District contributions and proportionate share of pension contributions	-	83,619
Differences between District expected and actual experience	1,166	16,700
Changes in assumptions	144,628	11,028
Changes in proportions	16,832	38,386
District contributions subsequent to the measurement date	37,288	-
<b>Totals</b>	<b>\$ 232,623</b>	<b>\$ 149,733</b>

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$45,222 and \$37,288 amounts 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, 2019 and 2019, 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:

Years Ending June 30

2020	\$	51,929
2021		24,141
2022		(33,746)
2023		(7,580)
<b>Total</b>	<b>\$</b>	<b>34,744</b>

**Actuarial Assumptions** The total pension liability in the June 30, 2017 and 2016, actuarial valuations for CalPERS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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	of 7.15%, net of pension plan investment and administrative expenses; includes inflation

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	of 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.



## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The actuarial assumptions used in the June 30, 2017 and 2016, valuations were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

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, staff 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 of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects 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%
Global fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
<b>Total</b>	<b>100%</b>		

**Discount Rate** The discount rates used to measure the total pension liability for the June 30, 2019 and 2018, measurement dates 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.

Subsequent to June 30, 2019, CalPERS lowered the discount rate to 7.0%.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

**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 below 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 or one percentage point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
June 30, 2019			
District's proportionate share of the net pension liability	\$ 1,331,608	\$ 842,871	\$ 439,426
June 30, 2018			
District's proportionate share of the net pension liability	\$ 1,321,342	\$ 844,607	\$ 449,767

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

## 8. 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:

June 30	2019	2018
General liability	\$ 10,000,000	\$ 10,000,000
Auto liability	\$ 10,000,000	\$ 10,000,000
Public officials' and employee liability	\$ 10,000,000	\$ 10,000,000
Property	\$ 1,000,000,000	\$ 1,000,000,000
Workers' compensation	\$ 5,000,000	\$ 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.

## Feather River Recreation and Park District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### 9. 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 as of June 30, 2019 and 2018. Accumulated depreciation was \$122,582 and \$118,377 as of June 30, 2019 and 2018, 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 maintenance and operating costs of the museum and grounds.

#### 10. 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 lead 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. During the year ended June 30, 2019 and 2018, the District received insurance proceeds of \$3,649,572 and \$3,096,270, respectively.

The District has entered into construction contracts for the restoration of the Riverbend Park totaling approximately \$3.2 million. At June 30, 2019, approximately \$420,000 had been incurred.

#### 11. FUTURE GASB IMPLEMENTATION

In June 2017, Governmental Accounting Standards Board (GASB) issued Statement 87, *Leases*. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principles 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 assets, and a 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 District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2020, will have on the District's financial statements, if any.

In June 2018, GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. This statement requires interest costs incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest costs should not be capitalized as part of the historical cost of a capital asset. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2020, will have on the District's financial statements, if any.

**Feather River Recreation and Park District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**12. SUBSEQUENT EVENT**

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 as this time.

This is a challenging time for not only our country but also for the community. 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 following facilities, programs, and positions were suspended until further notice.

- The Activity Center
- Child Development Center
- Gymnastics
- Youth/Adult Sports
- Recreation Classes

Suspended positions include 64 part-time employees, 2 full-time staff, and 1 supervisor. The full-time and supervisor positions are furloughed, and include ongoing District health care benefits. The District plans to have staff return to work as soon as state regulations allow opening of recreation facilities and their programming resumes.

Compared to 2019 revenue and recent refunds for programs, classes and facility rentals, revenue losses to date are \$117,000. If facilities remain closed, May losses are estimated to be \$85,000 and June would be an estimated loss of \$100,000.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

## 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	2019	2018	2017	2016	2015
District's portion of the net pension liability (asset)	0.02139%	0.02164%	0.02192%	0.02532%	0.00775%
District's proportionate share of the net pension liability (asset)	\$ 842,871	\$ 844,607	\$ 709,041	\$ 522,135	\$ 482,362
District's covered-employee payroll	\$ 639,386	\$ 497,411	\$ 535,866	\$ 486,377	\$ 524,830
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.83%	169.80%	132.32%	107.35%	91.91%
Plan fiduciary net position as a percentage of the total pension liability	75.90%	74.52%	80.82%	87.11%	86.33%

See the accompanying notes to the supplementary information.

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

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 45,222	\$ 37,288	\$ 42,006	\$ 34,280	\$ 28,396
Contributions in relation to the contractually required contribution	(45,222)	(37,288)	(42,006)	(34,280)	(28,396)
<b>Contribution Deficiency (Excess)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 639,386	\$ 497,411	\$ 535,866	\$ 486,377	\$ 524,830
Contributions as a percentage of covered-employee payroll	7.07%	7.50%	7.84%	7.05%	5.41%

See the accompanying notes to the 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 ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**2. CHANGES OF ASSUMPTIONS**

**California Public Employees' Retirement System**

During the year ended June 30, 2019, the CalPERS Board changed demographic assumptions and the inflation rate in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**OTHER SUPPLEMENTARY INFORMATION SECTION**



**Feather River Recreation and Park District**  
**COMPARISON OF BUDGET-TO-ACTUAL RESULTS**

The combined budget-to-actual results for all funds for the year were as follows:

June 30, 2019	Budget	Actual	Change
<b>Operating Revenues</b>			
Program service fees	\$ 1,002,450	\$ 915,613	\$ (86,837)
Grant revenue	43,500	9,120	(34,380)
Property taxes - General Fund	1,600,000	1,737,424	137,424
Property taxes - BAD Fund	280,329	275,037	(5,292)
Impact fees	- *	197,744	197,744
<b>Total Operating Revenues</b>	<b>2,926,279</b>	<b>3,134,938</b>	<b>208,659</b>
<b>Operating Expenses</b>			
Salaries and benefits	1,826,254	1,562,355	(263,899)
Services and supplies	1,005,050	1,163,288	158,238
<b>Total Cash Operating Expenses</b>	<b>2,831,304</b>	<b>2,725,643</b>	<b>(105,661)</b>
Depreciation (Noncash)	500,000	540,783	40,783
<b>Total Operating Expenses</b>	<b>3,331,304</b>	<b>3,266,426</b>	<b>(64,878)</b>
<b>Operating Loss</b>	<b>(405,025)</b>	<b>(131,488)</b>	<b>273,537</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	8,875	21,084	12,209
Interest expense	(109,825)	(111,240)	(1,415)
Other nonoperating revenue	9,500	885	(8,615)
Insurance proceeds	- *	3,649,572	3,649,572
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(91,450)</b>	<b>3,560,301</b>	<b>3,651,751</b>
<b>Change in Net Position</b>	<b>(496,475)</b>	<b>3,428,813</b>	<b>3,925,288</b>
Principal long-term debt payments	(229,240)	(238,475)	(9,235)
<b>Change in Net Position Less Principal Long-Term Debt Payments</b>	<b>\$ (725,715)</b>	<b>\$ 3,190,338</b>	<b>\$ 3,916,053</b>

\* Items were not budgeted.