



Beaumont Cherry Valley Recreation and Park District

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2014



BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT
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TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| FINANCIAL INFORMATION | |
| Independent Auditors' Report | 1 |
| BASIC FINANCIAL STATEMENTS | |
| Government – Wide Financial Statements: | |
| Statement of Net Position | 2 |
| Statement of Activities | 3 |
| Fund Financial Statements | |
| Combined Balance Sheet – All Governmental Fund Types | 4 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Fund Types | 5 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds to the Statement of Activities | 6 |
| Statement of Fiduciary Net Position | 7 |
| Statement of Changes in Fiduciary Net Position | 8 |
| Notes to Financial Statements | 9-17 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – All Governmental Fund Types | 18 |
| Notes to Required Supplementary Information | 19 |

FINANCIAL INFORMATION



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Board of Directors

Beaumont Cherry Valley Recreation and Park District
Beaumont, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Beaumont Cherry Valley Recreation and Park District as of June 30, 2014, and the related notes to the financial statements, which collectively comprise Beaumont Cherry Valley Recreation and Park District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. Those standards require that we 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the governmental activities of Beaumont Cherry Valley Recreation and Park District as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Generally Accepted Accounting Principles require that the Combined Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – All Government Fund Types on page 18 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 statement 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 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 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.

The Management Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. The management of the Beaumont Cherry Valley Recreation and Park District has elected to omit this information.

October 27, 2014

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BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

| | Primary Government | |
|--------------------------------------|----------------------------|-------------------|
| | Governmental Activities | Total |
| ASSETS | | |
| Cash | \$ 610,747 | \$ 610,747 |
| Accounts receivable | 82,911 | 82,911 |
| Capital assets (net) | 802,693 | 802,693 |
| TOTAL ASSETS | 1,496,351 | 1,496,351 |
| DEFERRED OUTFLOW OF RESOURCES | - | - |
| LIABILITIES | | |
| Accounts payable | 27,309 | 27,309 |
| Compensated absences | 19,117 | 19,117 |
| Credit line payable | - | - |
| Employee benefits liability | 554,723 | 554,723 |
| Notes payable: | | |
| Due within one year | 2,109 | 2,109 |
| Due in more than one year | - | - |
| TOTAL LIABILITIES | 603,258 | 603,258 |
| DEFERRED INFLOW OF RESOURCES | - | - |
| NET POSTION | | |
| Unrestricted | 42,509 | 42,509 |
| Restricted for loss contingency | 50,000 | 50,000 |
| Net investments in capital assets | 800,584 | 800,584 |
| TOTAL NET POSITION | \$ 893,093 | \$ 893,093 |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

| Functions/Programs | Expenses | Program Revenues | | | Total |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| Recreation and Park Service | \$ 1,967,117 | \$ 7,847 | \$ 640,357 | \$ - | \$ (1,318,913) |
| Total Governmental Activities | <u>\$ 1,967,117</u> | <u>\$ 7,847</u> | <u>\$ 640,357</u> | <u>\$ -</u> | <u>(1,318,913)</u> |

General revenues:

| | |
|--|-------------------|
| Property taxes | 1,009,146 |
| Grants, contributions and other income not restricted to specific programs | 48,398 |
| Unassigned interest income | - |
| Total General Revenues | <u>1,057,544</u> |
| Change in Net Position | (261,369) |
| Net Position - beginning | <u>1,154,462</u> |
| Net Position - ending | <u>\$ 893,093</u> |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2014

| | Governmental Funds | Total (Memorandum Only) |
|---|-----------------------|-------------------------------|
| | General Fund | |
| ASSETS | | |
| Cash and cash equivalents | \$ 610,747 | \$ 610,747 |
| Accounts receivable | 82,911 | 82,911 |
| Total Assets | \$ 693,658 | \$ 693,658 |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities | | |
| Accounts payable | \$ 29,418 | \$ 29,418 |
| Line of Credit | - | - |
| Compensated absenses | 19,117 | 19,117 |
| Employee benefits liability | - | - |
| Total Liabilities | 48,535 | 48,535 |
| Fund Balance | | |
| Unassigned | 645,123 | 645,123 |
| Restricted | - | - |
| Total Fund Balance | 645,123 | 645,123 |
| Total Liabilities and Fund Balance | \$ 693,658 | |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|--|-------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 802,693 |
| Long-term liabilities that are not due and payable in the current period and therefore not reported in the funds | (554,723) |
| | \$ 893,093 |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014

| | Governmental Funds | |
|---|--------------------|-------------------------------|
| | General Fund | Total (Memorandum Only) |
| REVENUES | | |
| Taxes and assessments | 1,009,146 | \$ 1,009,146 |
| Revenue from the use of money/property | 126,082 | 126,082 |
| Intergovernmental revenues | 48,398 | 48,398 |
| Charges for current services | 7,847 | 7,847 |
| Other revenue | 514,275 | 514,275 |
| Total Revenue | 1,705,748 | 1,705,748 |
| EXPENDITURES | | |
| Salaries and wages | 591,575 | 591,575 |
| Employee benefits | 177,371 | 177,371 |
| Supplies and services | 558,135 | 558,135 |
| Other charges | 11,182 | 11,182 |
| Structures and improvements | 65,448 | 65,448 |
| Special events | 90,482 | 90,482 |
| Total Expenditures | 1,494,193 | 1,494,193 |
| Excess/(deficit) of revenues over expenditures | 211,555 | 211,555 |
| OTHER FINANCING SOURCES (USES): | | |
| Total Other Financing Sources (Uses) | - | - |
| Net Change in Total Fund Balance | 211,555 | 211,555 |
| Fund Balance - Beginning | 433,568 | 433,568 |
| Fund Balance - Ending | \$ 645,123 | \$ 645,123 |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|---|---------------------|
| Net Change in fund balances-total governmental funds | \$ 211,555 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the amount by which depreciation expense exceeded capital outlays | (501,125) |
| The reduction of long-term debt is recorded as an expense in the governmental funds but is recorded as a reduction of long-term debt on the statement of net assets | 28,904 |
| To record as an expense the net change in compensated absences | (703) |
| Net OPEB liability recognized (portion related to governmental funds) | - |
| Change in net position of governmental activities | <u>\$ (261,369)</u> |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

| | Agency Funds | Total (Memorandum Only) |
|--------------------------------------|-------------------|-------------------------------|
| ASSETS | | |
| Investment for Compensation | \$ 63,405 | \$ 63,405 |
| Investment for OPEB | 127,554 | 127,554 |
| Total Assets | <u>190,959</u> | <u>190,959</u> |
| LIABILITIES | | |
| Total Liabilities | <u>-</u> | <u>-</u> |
| NET POSITION | | |
| Held in trust for: | | |
| Employees pension and other benefits | 190,959 | 190,959 |
| Total Net Postion | <u>\$ 190,959</u> | <u>\$ 190,959</u> |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | Agency Funds | Total (Memorandum Only) |
|---|-------------------|-------------------------------|
| ADDITIONS: | | |
| Employer contributions | 30,953 | 30,953 |
| Investment gain (loss) | 8,386 | 8,386 |
| Total Additions | <u>39,339</u> | <u>39,339</u> |
| | | |
| DEDUCTIONS: | | |
| Employee benefits paid | - | - |
| Total deductions | <u>-</u> | <u>-</u> |
| | | |
| Excess/(deficit) of revenues over expenditures | 39,339 | 39,339 |
| | | |
| Net Position - Begining | 151,620 | 151,620 |
| Net Position - Ending | <u>\$ 190,959</u> | <u>\$ 190,959</u> |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The Beaumont Cherry Valley Recreation and Park District was formed in 1971 to provide, manage, and maintain recreation and park facilities and activities for the Beaumont Cherry Valley Area of Riverside County, California.

The District records are located at 390 W Oak Valley Parkway, Beaumont, California 92223; telephone number (951) 845-9555.

Directors are as follows:

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------|--------------------------------|---------------------|
| Daniel Hughes | Chairperson | 2016 |
| Donna Franco | Vice Chairperson/ Secretary | 2014 |
| Chris Diercks | Treasurer | 2014 |
| Mike Lara | Director | 2014 |
| Adrian Chatigny | Director | 2016 |

The Board of Directors meets on the 2nd Wednesday of each month.

The financial statements of Beaumont Cherry Valley Recreation and Park District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below. In the absence of specific guidance as determined GASB, The District policy is to follow the rules set forth by the Financial Accounting Standards Board (FASB).

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no component units and is not a component unit of another primary government.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The general fund is the government's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. The expenditures exceeded the appropriations by \$210,267 for the year ended June 30, 2014.

Cash and Cash Equivalents

Cash is maintained in local banks and the County of Riverside. For purposes of the statements of cash flows, the District considers cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Sources of Revenue

The District's primary sources of revenue are derived from property taxes, and other governmental support. Other sources include interest income and charges for services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investment

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposits
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool Deposits)
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Reverse Repurchase Agreements

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. vehicles, equipment, office equipment and furniture), are reported in the applicable governmental statements or as business-type activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|--------------------|--------------|
| Vehicles | 10 |
| Office equipment | 5 |
| Computer equipment | 5 |

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. There are no bond premiums or discount associated with these obligations.

Compensated Absences Payable

Pursuant to GASB Statement 16, the accompanying financial statements present accrued vacation and sick pay benefits due employees at year-end. Compensated absences at year-end amounted to \$19,117.

Interfund receivables, payables, and transfers

The District had no interfund activities during the audited year.

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; and natural disasters for which the government carries commercial insurance.

2. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following

| | |
|---|-------------------|
| Cash in bank | \$ 213,996 |
| Cash - Riverside County | 396,751 |
| Total cash and cash equivalents on deposit with financial institutions | <u>\$ 610,747</u> |

Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **interest rate risk, credit risk, and concentration credit risk**. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of * Portfolio | Maximum Investment in One Issuer |
|-------------------------------------|---------------------|---|--|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% of base value | None |
| Medium-Term Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | 5 years | 20% | None |
| County Pooled Investment Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| JPA Pools (other investment pools) | N/A | None | None |

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government code and the District’s investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit.

At year end the District’s cash balance was covered by federal depository insurance.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of a mutual funds or government investment pool.

3. PROPERTY TAX CALENDAR

The District’s assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

| | | |
|-----------------|-------------------|----------------------|
| Lien date | March 1 | |
| Levy date | July 1 to June 30 | |
| Due date | November 1 | - First installment |
| | March 1 | - Second installment |
| Delinquent date | December 10 | - First installment |
| | April 10 | - Second installment |

4. DEFERRED COMPENSATION PLAN (Fiduciary Funds)

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 547. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation plan is available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under this plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property or rights are (until made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District’s general creditors. Participant’s rights under the plan are equal to those of general creditors of the District in the amount equal to the fair market value of the deferred account for each participant.

The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Activity relating to the plan is as follows:

| | |
|-------------------|------------------|
| | Total |
| Beginning balance | \$ 55,019 |
| Contributions | 8,386 |
| Ending balance | <u>\$ 63,405</u> |

5 PENSION PLAN

California Public Employees Retirement System (CalPERS) (Employer #1270)

All full-time employees participate in CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Beaumont Cherry Valley Recreation and Park District is part of a cost-sharing pool within CalPERS.

Employees hired prior to January 2013 are eligible for retirement at the age of 55 and are entitled to a monthly benefit of 2.7 percent of final compensation for each year of service credit. Employees hired after January 2013 are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 to 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the district, members' accumulated contributions are refundable with interest credited through date of separation.

Benefit provisions for CalPERS are established by the Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) The actuarial valuation reports reflect the contribution rates and plan assets. Ledger assets are adjusted to reflect a portion of unrealized gains/losses within PERS.

Employer Contribution Rate:

| | |
|---------------------------|------------------|
| Projected Dollars: | |
| Normal Cost | \$ 55,274 |
| Amortization basis | 26,182 |
| Class 1 Benefits | 3,358 |
| Amortization of Side Fund | (24,552) |
| Total Required | <u>\$ 60,262</u> |

| | |
|--|---------|
| Protected Payroll for the Contribution Fiscal Year | 540,732 |
|--|---------|

Percentage of Projected Payroll:

| | |
|-------------------------------------|----------------|
| Normal Cost | 10.222% |
| Amortization basis | 4.842% |
| Class 1 Benefits | 0.621% |
| Phase out of Normal Cost Difference | 0.000% |
| Amortization of Side Fund | -4.541% |
| Total Required | <u>11.144%</u> |

Pension Benefit Obligation:

| | |
|--|----------------------|
| Present value of benefits: | \$1,707,549,703 |
| Actives, transfers and vested terminated | 179,282,511 |
| Seperated Members | 74,358,365 |
| Members and Beneficiaries Receiving Payments | <u>1,299,152,823</u> |
| Total | \$3,260,343,402 |

| | |
|--|----------------|
| Present value of future employer normal costs | \$ 323,651,628 |
| Present value of future employee contributions | \$ 256,509,333 |

Entry Age Normal Accrued Liability

| | |
|--|----------------------|
| Active Members | \$1,127,387,742 |
| Transferred Members | 179,282,511 |
| Seperated Members | 74,358,365 |
| Members and Beneficiaries Receiving Payments | <u>1,299,152,823</u> |
| Total | \$2,680,181,441 |

Actuarial Value of Assets:

| | |
|---|-----------------------|
| Value of Assets Including Receivable | \$2,178,799,790 |
| Unfunded Accrued Liability | (501,381,658) |
| Side Funds | (128,673,283) |
| Unfunded Liability excluding Side Funds | <u>\$ 372,708,368</u> |

Valuation date is June 30, 2012. The actuarially assumed investment rate of return is 7.5% per annum. The salary scale used assumes salary increases that vary by length of service and range from 3.30% to 14.20%. The total increase in any future year includes an assumed 2.75% inflation rate, and a payroll growth rate of 3.00%. The current year expense for the plan is \$45,485.

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded Liability (UL) | Funded Status | Annual Covered Payroll | UAAL As a % of Payroll |
|----------------|------------------------------------|---------------------------|-------------------------|---------------|------------------------|------------------------|
| 6/30/08 | 1,823,366,479 | 1,529,548,799 | 293,817,680 | 78.2% | 414,589,514 | 70.9% |
| 6/30/09 | 2,140,438,884 | 1,674,260,302 | 466,178,582 | 78.2% | 440,071,499 | 105.9% |
| 6/30/10 | 2,297,871,345 | 1,815,671,616 | 482,199,729 | 79.0% | 434,023,381 | 111.1% |
| 6/30/11 | 2,486,708,579 | 1,981,073,089 | 505,635,490 | 79.7% | 427,300,410 | 118.3% |
| 6/30/12 | 2,680,181,441 | 2,178,799,790 | 501,381,651 | 81.3% | 417,600,034 | 120.1% |

6. POST-EMPLOYMENT BENEFITS

Beaumont Cherry Valley Recreation and Park District provides medical coverage as the only post-retirement employment benefit. This coverage applies to any eligible retired employee. The contribution requirements of plan members and the district are established and may be amended. The required contribution is based on projected pay-as-you-go method, as well as pre-fund benefits as determined annually by management. During the 2014 year the District contributed \$30,953 to the plan as well as \$9,766 for pay-as-you-go. The District’s annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount that is actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty-years. The following table shows the components of the District’s annual OPEB cost for the year, amount contributed to the plan and changes in the District’s OPEB obligation:

Employer Calculation of Obligation:

| | |
|--|--------------------------|
| Annual Required Contribution | \$ 40,719 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | (9,766) |
| Total OPEB Cost | <u>30,953</u> |
| Contributions made | <u>30,953</u> |
| Increase in OPEB obligation | - |
| Net OPEB obligation - Beginning of year | <u>554,723</u> |
| Net OPEB obligation - End of year | <u><u>\$ 554,723</u></u> |

As of June 30, 2013, the most recent actuarial valuation date, the plan was 18% funded. The actuarial accrued liability for benefits was \$683,821 and the actuarial value of the assets was \$106,833, resulting in an unfunded actuarial liability (UAAL) of \$576,988. The covered payroll was \$537,200 and the ratio of covered payroll to UAAL was 93%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical plan members to this point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

7. CAPITAL ASSETS

A summary of the changes in the capital assets is as follows:

| | Balance 6/30/2013 | Additions | Deletions | Balance 6/30/2014 |
|--|----------------------|---------------------|-------------|----------------------|
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 274,218 | \$ - | \$ - | \$ 274,218 |
| Subtotal | 274,218 | - | - | 274,218 |
| Depreciable Capital Assets: | | | | |
| Buildings and improvements | 4,535,235 | 36,418 | - | 4,571,653 |
| Equipment | 788,491 | - | - | 788,491 |
| Subtotal | 5,323,726 | 36,418 | - | 5,360,144 |
| Total Capital Assets | 5,597,944 | 36,418 | - | 5,634,362 |
| Accumulated Depreciation | (4,294,126) | (537,543) | - | (4,831,669) |
| Governmental Activities, Net Capital Assets | \$ 1,303,818 | \$ (501,125) | \$ - | \$ 802,693 |

Depreciation expense for the period amounted to: \$ 537,543

8. CURRENT AND NONCURRENT LIABILITIES

Current and noncurrent liabilities of the District consisted of the following at June 30, 2014:

\$41,884 vehicle installment purchase dated August 17, 2009 due in 59 monthly payments of \$698 through July 2014; interest at 0%; collateralized by the vehicle.

A summary of the changes in debt is as follows:

| | Balance 6/30/2013 | Additions | Deletions | Balance 6/30/2014 |
|---------------------------|----------------------|-----------|------------|----------------------|
| Notes/loans payable | \$ 9,787 | \$ - | \$ (7,678) | \$ 2,109 |
| | \$ 9,787 | \$ - | \$ (7,678) | \$ 2,109 |
| Due within one year | | | | \$ 2,109 |
| Due in more than one year | | | | - |
| Total liability | | | | <u>\$ 2,109</u> |

future maturities of debt for the District are as follows:

| <u>Years Ending June 30</u> | |
|-----------------------------|-----------------|
| 2015 | \$ 2,109 |
| | <u>\$ 2,109</u> |

9. ACCOUNTS RECEIVABLE

At June 30, 2014 the District's accounts receivable consisted primarily of receivables from the County of Riverside. Management has determined the entire amount of the receivables is fully collectible, therefore, no allowance for doubtful accounts has been established. All amounts are due to be collected within one year.

10. LEASES

Beaumont Cherry Valley Recreation and Park District entered into a lease agreement for a copier in March 2012. The lease requires monthly payments of \$390 plus charges for excess copies made based on fixed fee per copy, and expires in February 2017. The lease expense under this agreement for the year ended June 30, 2014 was \$4,681.

| <u>Years Ending June 30</u> | |
|-----------------------------|------------------|
| 2015 | \$ 4,681 |
| 2016 | 4,681 |
| 2017 | 4,681 |
| 2018 | 3,511 |
| | <u>\$ 17,554</u> |

11. SUBSEQUENT EVENTS

Management evaluated the activity of the company through October 27, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICTCOMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014

| | Original and Final Budget | Actual | Actual Over (Under) Final Budget |
|---|------------------------------|---------------------|--|
| REVENUES | | | |
| Taxes and assessments | \$ 962,800 | \$ 1,009,146 | \$ 46,346 |
| Revenue from the use of money/property | 500 | 126,082 | 125,582 |
| Intergovernmental revenues | 42,700 | 48,398 | 5,698 |
| Charges for current services | 7,000 | 7,847 | 847 |
| Other revenue | 416,050 | 514,275 | 98,225 |
| Total Revenue | <u>1,429,050</u> | <u>1,705,748</u> | <u>276,698</u> |
| EXPENDITURES | | | |
| Salaries and wages | 655,925 | 591,575 | (64,350) |
| Employee benefits | 214,650 | 177,371 | (37,279) |
| Supplies and services | 401,775 | 558,135 | 156,360 |
| Other charges | - | 11,182 | 11,182 |
| Structures and improvements | 57,350 | 65,448 | 8,098 |
| Special events | 76,950 | 90,482 | 13,532 |
| Total Expenditures | <u>\$ 1,406,650</u> | <u>\$ 1,494,193</u> | <u>\$ 87,543</u> |
| Excess/(deficit) of revenues over expenditures | <u>\$ 22,400</u> | <u>\$ 211,555</u> | <u>\$ 189,155</u> |

BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

A. REQUIRED SUPPLEMENTARY INFORMATION

Budgets are developed consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget information is presented by key government operations of the District. Encumbrances exceeded appropriations during the current fiscal year.