BEAUMONT-CHERRY VALLEY
RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED
JUNE 30, 2017

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
CONTENTS
June 30, 2017

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beaumont-Cherry Valley Recreation and Park District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of Beaumont-Cherry Valley Recreation and Park District (the "District") as of and for the year ended June 30, 2017 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

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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District as of June 30, 2017 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the prior period financial statements have been restated to correct misstatements.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the information related to the pension and other postemployment benefits plans on pages 28 through 31 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 the 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information
Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplementary information on pages 28 and 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of board of directors and insurance coverage on page 31 have not been subjected to 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.

The financial statements of the District, as of and for the year ended June 30, 2016, before they were restated for the matter discussed in Note 11 to the financial statements, were audited by other auditors, whose report, dated March 16, 2017, expressed an unmodified opinion on those statements.

Singer Lewak LLP

November 15, 2018

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

GENERAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
June 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	$ 1,477,779	$ -	$ 1,477,779
Accounts receivable:			
Program service fees	21,967	-	21,967
Property taxes	49,393	26,044	75,437
Other	7,694	-	7,694
Prepaid expenses	-	-	-
Capital assets nondepreciable	-	271,450	271,450
Capital assets depreciable, net	-	1,241,437	1,241,437
Total assets	1,556,833	1,538,931	3,095,764
Deferred outflows of resources			
Deferred pension related items	-	272,761	272,761
Total assets and deferred outflows of resources	**$ 1,556,833**	**$ 1,811,692**	**$ 3,368,525**

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

GENERAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
June 30, 2017

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	General Fund	Adjustments	Statement of Net Position
Liabilities			
Accounts payable to vendors	$ 54,914	$ -	$ 54,914
Accrued payroll	13,617	-	13,617
Program service fee deposits	9,704	-	9,704
Long-term liabilities	-	794,361	794,361
Total liabilities	78,235	794,361	872,596
Deferred inflows of resources			
Deferred pension related items	-	59,546	59,546
Total liabilities and deferred inflows of resources	78,235	853,907	932,142

FUND BALANCE/NET POSITION

	General Fund	Adjustments	Statement of Net Position
Fund balance			
Unassigned fund balance	1,478,598	(1,478,598)	-
Total liabilities, deferred inflows of resources, and fund balance	**$ 1,556,833**		
Net position			
Net investment in capital assets		1,512,887	1,512,887
Unrestricted net position		923,496	923,496
Total net position		**$ 957,785**	**$ 2,436,383**

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF GOVERNMENTAL REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Salaries and benefits	$ 906,699	$ (197,086)	$ 709,613
Services and supplies	670,794	-	670,794
Capital outlay	515,539	(262,898)	252,641
Total expenditures	2,093,032	(459,984)	1,633,048
Program Revenues			
Program service fees	460,485	-	460,485
Grant income	49,343	-	49,343
Total program revenues	509,828	-	509,828
Net program expense			1,123,220
General Revenues			
Property taxes	1,616,011	26,044	1,642,055
Intergovernmental revenues	30,497	-	30,497
Interest income	6,223	-	6,223
Insurance recoveries	126,866	-	126,866
Other	42,183	-	42,183
Total general revenues	1,821,780	26,044	1,847,824
Excess of revenues over expenditures	238,576	(238,576)	-
Change in net position	-	724,604	724,604
Fund Balance/net position			
Beginning of the year	1,450,637	(1,031,249)	419,388
Prior period adjustments (Note 11)	(210,615)	1,503,006	1,292,391
End of the year	**$ 1,478,598**	**$ 957,785**	**$ 2,436,383**

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

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Nature of Organization

The Beaumont-Cherry Valley Recreation and Park District (the "District") was established in June 1972 under the authority of the Government Code, Section 58132. The District operates under a board of directors to provide, manage, and maintain recreation and park facilities and activities for the Beaumont-Cherry Valley area of Riverside County, California, as a separate governmental entity and receives a majority of their income from the County of Riverside through property taxes. The Board of Directors has the power to determine fiscal, personnel, and administrative policy subject only to state law.

Reporting Entity

The District, for financial reporting purposes, includes all of the funds relevant to the operations of the District and is not included as a component unit in any other primary government's financial statements. In determining the agencies or entities which comprise the governmental entity for financial reporting purposes, the criteria of oversight responsibility over such entities, special financing relationships, and scope of public service provided by the entities are used. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. 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 had no business-type activities during the periods presented.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 eligibility 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District 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. General capital asset acquisitions are reported as capital outlay expenditures in governmental funds.

Program service fees, property taxes, intergovernmental revenues, interest income, and grant income associated with the current fiscal period are considered to be susceptible to accrual and have therefore been recognized as revenues within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District is a special-purpose government engaged in a single governmental program and has only one fund. The *general fund* is the general operating fund of the District and is used to account for all financial resources. As such, the fund financial statements and the government-wide statements have been presented in a combined format.

Budgetary Policies

The District adopts an annual nonappropriated budget for planning, control, and evaluation purposes for the general fund. A legal budget is neither required nor adopted. Therefore, these financial statements do not include budget and actual comparisons.

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 amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption
The District may fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

Pension Accounting
For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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 currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cash and Cash Equivalents
The District considers cash and all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable
The District believes all accounts receivable are fully collectible and therefore no allowance for doubtful accounts is provided.

Property Taxes
The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)
Property taxes receivable at year-end are related to property taxes collected by the County of Riverside, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date:	January 1
Levy date:	On July 1 for July 1 to June 30
Due date:	November 1 – 1st installment
	February 1 – 2nd installment
Collection date:	December 10 – 1st installment
	April 10 – 2nd installment

Capital Assets
Capital assets are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the District as assets with a cost of more than $5,000 and an estimated useful life in excess of one year. Such assets, whether acquired or constructed, are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Upon disposition of capital assets, the cost and related accumulated depreciation are removed from their respective balances and any gains or losses are recognized.

The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend the lives of capital assets are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Type of Asset	Life in Years
Buildings and infrastructure	25 - 40
Building and land improvements	15 - 20
Maintenance equipment and vehicles	5 - 15
Land	Not depreciated

The cost of capital assets being constructed by the District are accumulated in construction in progress within the government-wide financial statements during the construction period. Upon completion of construction and being placed into service, depreciation of the resulting asset is commenced.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Impairment of Capital Assets
Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of the asset. As of June 30, 2017, no impairment was recognized as management expects to fully utilize the District's capital assets.

Compensated Absences
Compensated absences are absences for which employees will be paid, such as vacation and sick leave and accrued compensatory time. Employees are entitled to accumulate this time in accordance with the District's policies. Upon termination of employment for any reason, the District shall compensate the employee for their accumulated vacation and compensatory time at the employee's rate of pay at the time of termination. Sick time is not eligible for payout at termination per the District's policies.

A liability for compensated absences that is attributable to services already rendered and not contingent on a specific event outside the control of the government and its employees is accrued in the government-wide financial statements as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

Net Position
The government-wide statements utilize a net position presentation. Net position is categorized as net investment in capital assets and unrestricted net position. The District has no restricted net position.

Net investment in capital assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt (if any) that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Unrestricted net position – This category represents the net position of the District not restricted for any project or other purpose.

Fund Balance
In fund financial statements, the government fund balance may be categorized as nonspendable, restricted, committed, assigned, and unassigned. As of June 30, 2017, the District's governmental fund balance was comprised entirely of the unassigned amounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)
Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the fund balance or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Director's action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The District's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the General Manager.

Unassigned Fund Balance - These are either residual positive net resources in excess of what can properly be classified in one of the other four categories, or negative balances.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the below statements which may affect the District's financial reporting requirements in the future. The District is currently evaluating its accounting practices to determine the potential impact that these statements will have on the District's the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), which establishes new accounting and financial reporting requirements for OPEB, improving the accounting and financial reporting by state and local governments and discloses information provided by state and local government employers about financial support for OPEB that is given by other entities. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB 57. GASB 75 is effective for the District's fiscal year ending June 30, 2018. The District anticipates that implementation of this standard will have a significant impact on the District's financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"). GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 is effective for the District's fiscal year ending June 30, 2018.

In March 2017, GASB issued Statement No 85, *Omnibus 2017*, which addresses a variety of topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB). The requirements of this statement are effective for fiscal years beginning after June 15, 2017.

In June 2017, GASB issued Statement No. 87, *Leases*, which addresses new accounting and financial reporting requirements for leases, improving accounting and financial reporting for leases for governments. Leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract will be recognized as a lease liability and an intangible right-to-use lease asset for lessees and a lease receivable and a deferred inflow of resources for a lessor. The requirements of this Statement are effective for fiscal years beginning after December 15, 2019.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents held by the District are comprised of the following as of June 30, 2017:

Petty cash	$ 230
Deposits in financial institutions	295,806
Cash held in the Riverside County Treasurer's Pooled Investment Fund	1,181,743
	$ 1,477,779

For purposes of the following discussion, the amount held in the Riverside County Treasurer's Pooled Investment Fund ("RCTPIF") has been classified as investments. The District is a voluntary participant in the RRCTPIF. The RCTPIF pools these funds with those of other entities and invests the cash as prescribed by the California Government Code. The District's investment in this pool is reported in the accompanying financial statements at amortized cost which approximates the fair value of the District's pro-rata share of the entire RCTPIF portfolio. The balance available for withdrawal is based on the accounting records maintained by RCTPIF, which are recorded on an amortized cost basis. There are no limitations on the withdrawal of these funds.

Investments Authorized by the District's Investment Policy
The District's investment policy authorizes investment in the RCTPIF. The District's investment policy does not contain specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Credit Risk and Custodial 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. The RCTPIF is not rated; however, investments in the RCTPIF are highly liquid assets and are secured by the full faith and credit of Riverside County.

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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Credit Risk and Custodial Credit Risk (Continued)
The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent 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 percent of the secured public deposits.

As of June 30, 2017, $48,732 of the District's total bank balance of $298,732 (total book balance was $295,806) was not insured by the Federal Deposit Insurance Corporation (FDIC); however, this amount was collateralized as described above by securities held by the bank in a public funds collateral pool, not specifically in the District's name.

NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2017 was as follows:

	As Restated (See Note 11) Beginning Balance	Additions	Deletions	Ending Balance
Compensated absences	$ 19,652	$ 39,089	$ (37,227)	$ 21,514
Net other post employment benefits liability	272,033	-	(111,823)	160,210
Net pension liability	458,128	154,509	-	612,637
Total	**$ 749,813**	**$ 193,598**	**$ (149,090)**	**$ 794,361**

The portions of each component of long-term liabilities that are considered due within one year are as follows: compensated absences $21,514, net other post-employment benefits $0, and net pension liability $0.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	As Restated (See Note 11) Beginning Balance	Additions	Deletions	Ending Balance
Capital assets nondepreciable:				
Land	$ 271,450	$ -	$ -	$ 271,450
Construction in progress	35,125	-	(35,125)	-
Total capital assets nondepreciable	306,575	-	(35,125)	271,450
Capital assets depreciable:				
Buildings and infrastructure	1,052,822	-	-	1,052,822
Building and land improvements	535,560	350,674	-	886,234
Maintenance equipment and vehicles	129,840	16,028	-	145,868
Total capital assets depreciable	1,718,222	366,702	-	2,084,924
Less accumulated depreciation:				
Buildings and infrastructure	(588,714)	(29,099)	-	(617,813)
Building and land improvements	(111,754)	(31,133)	-	(142,887)
Maintenance equipment and vehicles	(74,340)	(8,447)	-	(82,787)
Total accumulated depreciation	(774,808)	(68,679)	-	(843,487)
Total capital assets depreciable, net	943,414	298,023	-	1,241,437
Total capital assets, net	**$ 1,249,989**	**$ 298,023**	**$ (35,125)**	**$ 1,512,887**

During the previous fiscal year, a large field lighting pole collapsed in the wind due to faulty installation and, during the current fiscal year, the District received an insurance settlement of $126,866 for the loss. This amount is shown as insurance recoveries within general revenues in the accompanying statement of activities and governmental revenue, expenditures, and changes in fund balance. During the current fiscal year, the field lighting pole was replaced which resulted in a $182,783 capital asset addition to building and land improvements.

NOTE 6 – PENSION PLAN

General Information About the Pension Plan

Plan Description
All qualified employees are required to participate in the District's Miscellaneous Plan (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), unless they specifically opt out. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employee's Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, membership, and financial information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided
Full descriptions of the pension plan benefit provisions are listed in the June 30, 2015 Actuarial Valuation reports. Details of the benefits provided can be found in the Major Benefit Options section of Section 1 of the reports and Appendix B of Section 2 of the reports. These reports are publicly available and can also be found on CalPERS website.

The plan's provisions and benefits in effect at June 30, 2017 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013*
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50 to 67 & up	52 to 67 & up
Monthly benefits as a percent of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Cost of living adjustment	2.0%	2.0%
Required employee contributions rates	8.00%	6.25%
Required employer contribution rates	11.634% + $3,088/month	6.555%

* For employees that were hired on or after January 1, 2013, were already a member of CalPERS prior to January 1, 2013, and had less than a six month break in service, the benefit formula is 2.0% at 55, the required employee contribution rate was 7.00%, and the required employer contribution rate was 8.377%. All other plan provisions and benefits are the same as those for other employees hired on or after January 1, 2013.

NOTE 6 – PENSION PLAN (Continued)

General Information About the Pension Plan (Continued)

Contributions
Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's total employer contributions were $47,624 for the year ended June 30, 2017.

Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources
The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2016 measurement date was .00018%. There was no change in this proportion since the prior measurement date.

For the year ended June 30, 2017, the District recognized pension expense of $88,358. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 84,684	$ -
Difference between expected and actual experience	2,346	-
Changes in assumptions	-	28,792
Difference in actual versus projected contributions	-	30,754
Net difference between projected and actual earnings on pension plan investments	149,852	-
Adjustment due to differences in proportion	35,879	-
Total	**$ 272,761**	**$ 59,546**

NOTE 6 – PENSION PLAN (Continued)

Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources (Continued)

The $84,684 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30,	
2018	$ 6,731
2019	11,012
2020	71,975
2021	38,813
Total	**$ 128,531**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Methods and assumptions
The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and duration of service
Mortality rate table*	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.75 percent until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

** The mortality table used was developed based on CalPERS' specific data. The table includes 20-year mortality improvements using Society of Actuaries Scale BB.*

NOTE 6 – PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)
All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption
There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes of assumptions represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate
The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund, Public Employees' Retirement Fund, cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 6 – PENSION PLAN (Continued)

Discount Rate (Continued)
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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return 11+[2]
Global equity	51%	5.25%	5.71%
Global fixed income	19	.99	2.43
Inflation sensitive	6	.45	3.36
Private equity	10	6.83	6.95
Real estate	10	4.50	5.13
Infrastructure and forestland	2	4.50	5.09
Liquidity	2	(.55)	(1.05)
Total	**100**%		

[1]An expected inflation of 2.5 percent used for this period.
[2]An expected inflation of 3.0 percent used for this period.

Changes in the Net Pension Liability
Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

	Discount Rate -1% 6.65%	Current Rate 7.65%	Discount Rate +1% 8.65%
Net pension liability	$ 960,568	$ 612,637	$ 325,090

Pension Plan Fiduciary Net Position
Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Changes in the Net Pension Liability (Continued)
Plan Description: The District provides post–employment retirement health care benefits in accordance with State of California Code Sections 53205 and 53205.1. The District provides medical insurance benefits to eligible retirees. The board of directors of the District have the authority to establish and amend benefit provisions.

Funding Policy: The contribution requirements of the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the directors. For fiscal year ended June 30, 2017, the District contributed $3,636 in pay-as-you-go and $25,557 to California Employers' Retiree Benefit Trust Fund ("CERBT") to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 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 actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ (25,557)
Interest on net OPEB obligation	-
Adjustment to annual required contribution	
Annual OPEB cost (expense)	(70,238)
Contributions made	29,193
Decrease in net OPEB obligation	(66,602)
Net OPEB obligation – beginning of year	493,989
Net OPEB obligation – end of year	**$ 427,387**

The District's annual cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	$ 25,557	114.2%	$ 160,210
6/30/16	24,873	115.2	272,033
6/30/15	Information not available		

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Net Pension Liability (Continued)
Funded Status and Funding Progress: As of June 30, 2017, the most recent actuarial valuation date, the plan was 42.1 percent funded. The actuarial accrued liability for benefits was $427,387, and the actuarial value of assets was $267,177, resulting in an unfunded actuarial accrued liability (UAAL) of $160,210. The covered payroll (annual payroll of active employees covered by the plan) was $275,547, and the ratio of the UAAL to the covered payroll was 58.1 percent.

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to contractual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs. 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.

In the July 1, 2017 actuarial valuation, the entry age actuarial normal cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is based on long-term return on plan assets assuming 100% funding through CERBT using the “Building Block” method. The long-term trend assumption is based on medical trends continuing to be cyclical. Inflation was assumed to be 2.75 percent per year and payroll increases were assumed to be 2.75 per cent per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over 30 years.

NOTE 8 – LESSOR LEASES

The District leases a small portion of their land to a communications company which installed a communication antenna facility on the land. The lease commenced on April 1, 2016 and has a five-year term. The total annual rent for the initial year of the lease was $25,200, paid in equal monthly installments in advance on the first day of the month. The annual rent increases by 3% on each anniversary of the commencement date. The future minimum rent receivable under this agreement are as follows:

Year Ending June 30,	
2018	$ 26,540
2019	27,336
2020	28,156
2021	7,091
Total	**$ 89,123**

NOTE 9 – JOINT VENTURES

The District participates in a joint venture under a joint powers agreement ("JPA") with the California Association for Park and Recreation Indemnity ("CAPRI"). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Audited financial statements are available by contacting CAPRI at 6341 Auburn Blvd., Suite A, Citrus Heights, California 95621-5203.

CAPRI provides insurance coverages, risk management, safety and loss prevention services to its 61 member districts through a risk-sharing pool. CAPRI is governed by a 9 member board of directors comprised primarily of representatives of the member districts. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board.

Condensed audited financial information for CAPRI for the year ended June 30, 2017 is as:

Total assets	$ 22,848,966
Deferred outflows of resources	193,749
Total assets and deferred outflows of resources	**$ 23,042,715**

NOTE 9 – JOINT VENTURES (Continued)

Total liabilities	$ 17,124,111
Deferred inflows of resources	84,305
Net position	5,834,299
Total liabilities, deferred inflows, and net position	**$ 23,042,715**
Total operating revenues	$ 8,643,482
Total operating expenses	(7,967,848)
Total nonoperating income	16,393
Changes in net position	**$ 692,027**

NOTE 10 – RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balances and the net change in fund balances of the District's general fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balances.

Fund balance – total governmental funds	$ 1,476,782
Amounts reported in the statement of net position are different because:	
Teeter plan property taxes are included as a receivable	26,044
Capital assets are not financial resources, and are not reported in the fund	1,512,887
Deferred outflows of resources	272,761
Compensated absences are included as a liability	(21,514)
Net pension liability	(612,637)
Net other post-employment benefits liability	(160,210)
Deferred inflows of resources	(59,546)
Net position – governmental activities	**$ 2,434,567**

NOTE 10 – RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Net change in fund balances – total governmental funds	$ 236,760
Amounts reported for governmental activities in the statement of activities are different because:	
Teeter plan property taxes are included as revenue	26,044
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:	
Capital asset acquisitions	331,576
Less current year depreciation expense	(68,678)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds:	
Net pension liability	88,358
Net other post-employment benefits liability	108,728
Change in net position - governmental activities	**$ 722,788**

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

Subsequent to the issuance of the June 30, 2016 financial statements, the District determined that as of and prior to June 30, 2016 it had not properly accounted for capital assets, accrued compensated absences, other post-employment benefit liabilities, and certain cash and expense transactions. Accordingly, the financial statements issued as of and for the year ended June 30, 2016 were restated.

The fund financial statements were impacted as follows:

	As Previously Reported	As Restated
As of June 30, 2016:		
Cash and cash equivalents	$ 1,451,500	$ 1,229,929
Prepaid expense	-	12,189
Total assets	1,526,686	1,317,304
Unassigned fund balance	1,450,637	1,241,255
Total fund balance	1,450,637	1,241,255
Total liabilities and fund balance	1,526,686	1,317,304
For the Year Ended June 30, 2016:		
Salaries and benefits expenditures	850,696	838,507
Total expenditures	1,626,296	1,614,107
Excess of revenues over expenditures	384,530	396,719

The government-wide financial statements were impacted as follows:

	As Previously Reported	As Restated
As of June 30, 2016:		
Cash and cash equivalents	$ 1,451,500	$ 1,229,929
Prepaid expense	-	12,189
Land	2,623	271,450
Construction in progress	-	35,125
Other capital assets, net	-	943,414
Total assets	1,529,309	2,567,293
Long term liabilities	1,004,220	749,813
Total liabilities	1,080,269	825,862
Unrestricted net positions	366,765	461,790
Restricted for loss contingency	50,000	-
Net position invested in capital assets	2,623	1,249,989
Total net position	419,388	1,711,779

NOTE 11 – PRIOR PERIOD ADJUSTMENTS (Continued)

For the Year Ended June 30, 2016:		
Depreciation expense	276,296	60,869
Total expenditures	1,945,559	1,730,132

Additionally, the June 30, 2016 financial statements included a fiduciary fund. The financial statements for this fund contained only two items. The first item was an asset that represented the accumulated amount of compensation contributed to a deferred compensation plan by the District's employees. This amount does not represent an asset of the District and is not available to pay the creditors of the District. As such, the District determined this amount should no longer be reported in its financial statements.

The second item was also an asset and represented the accumulated amount of contributions to CERBT made by the District in order to fund the OPEB liability. As CERBT is a qualified trust, the District determined the appropriate way to report this amount is as an offset to the OPEB liability in the government-wide financial statements.

There are no other items for which it is appropriate to report in a fiduciary fund and therefore no fiduciary fund is included in the fund financial statements in the current year.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the District entered into an agreement with the City of Beaumont (the "City") to allow the District to directly collect development impact fees that the District is entitled to. Developers must pay these fees when applying for building permits. Previously, the fees were collected by the City and the District's portion was remitted to them by the City. The District directly collecting their portion of these fees in the future is anticipated to have a positive impact on their cash flow and the timely collection of the fees.

In preparation of these financial statements, the District considered subsequent events through November 15, 2018, which is the date these financial statements were issued.

SUPPLEMENTARY INFORMATION

Schedule of Pension Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	$ 84,684	$ (84,684)	$ -	$ 585,148	14.47%
2016	48,798	(48,798)	-	466,221	10.47
2015	42,396	(42,396)	-	426,566	9.93

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2015

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Years*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	.01764%	$ 612,637	$ 585,148	104.70%	76.29%
2015	.01670	458,128	466,221	98.26	81.57
2014	Not available	313,776	426,566	73.56	Not available

Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

Schedule of Funding Progress of Other Postemployment Benefits

The table below provides a history of the funded status of the District's OPEB obligation. The information reflects the most recent biennial actuarial valuation and the two preceding valuations.

Actuarial Valuation Date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
2017	$ 267,177	$ 427,387	$ 160,210	62.15%	$ 275,547	58.14%
2015	198,928	488,035	289,107	40.74	319,919	90.37
2013	Information not available					

Officers, Directors, and Senior Management

As of June 30, 2017, the officers, directors, and senior management of the District were:

	Term Expires
John Flores, Chairman	November 2020
Dan Hughes, Vice-chair/Secretary	November 2020
Chris Diercks, Treasurer	November 2018
Bruce Bartells, Director	November 2018
Denise Ward, Director	November 2020
Duane Burk, General Manager	N/A

Insurance

The District's insurance provider is the California Association for Park and Recreation Indemnity (CAPRI). Coverage carried by the District includes bodily injury, personal injury, advertising injury, property damage, and public official and employee liability which may occur anywhere in the world. The insurance provides coverage up to $1,000,000 per occurrence for the following:

Property Damage – The deductible for general property damage is $2,000 per occurrence. For earthquake damage the deductible is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damage, whichever is greater. For flood damage the deductible is $20,000 per occurrence.

Employment Practices, Bodily Injury, Personal Injury, Public Officials Errors and Omissions Liability – These items are subject to a $20,000 deductible. The deductible is reduced to $5,000 if the Districts follows guidelines set by CAPRI, such as consulting with the District's general counsel.

Crime – The deductible for employee theft is $15,000 per occurrence. The deductible for forgery, theft of money, robbery, computer fraud, funds transfer fraud, and counterfeit money is $5,000 per occurrence.

The District has a worker's compensation policy with employer liability coverage per occurrence that meets the statutory requirements and covers all employees.