



# Beaumont Cherry Valley Recreation and Park District

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016, 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.

### **Auditors' 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, generally accepted government auditing standards when applicable 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 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 respective financial position of the governmental activities of Beaumont Cherry Valley Recreation and Park District as of June 30, 2016, 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, as well as, accounting systems prescribed by the State Controllers Office and state regulations governing special districts.

**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 22 through 23, and the Schedule of Proportionate Share of Net Pension Liability and Contributions on page 24 through 26, 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.

A handwritten signature in blue ink that reads "Smith Manion & Co." The signature is written in a cursive, flowing style.

March 16, 2017

## **FINANCIAL INFORMATION**

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government	
	Governmental	
	Activities	Total
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,451,500	\$ 1,451,500
Accounts receivable	75,186	75,186
<b>Total Current Assets</b>	<b>1,526,686</b>	<b>1,526,686</b>
<b>Non-current Assets</b>		
Capital assets (net)	2,623	2,623
<b>TOTAL ASSETS</b>	<b>1,529,309</b>	<b>1,529,309</b>
<b>DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS</b>	<b>48,798</b>	<b>48,798</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	76,049	76,049
<b>Total Current Liabilities</b>	<b>76,049</b>	<b>76,049</b>
<b>Non-current Liabilities</b>		
Employee benefits liability	546,092	546,092
Net pension liability	458,128	458,128
<b>TOTAL LIABILITIES</b>	<b>1,080,269</b>	<b>1,080,269</b>
<b>DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS</b>	<b>78,450</b>	<b>78,450</b>
<b>NET POSITION</b>		
Unrestricted	366,765	366,765
Restricted for loss contingency	50,000	50,000
Net investments in capital assets	2,623	2,623
<b>TOTAL NET POSITION</b>	<b>\$ 419,388</b>	<b>\$ 419,388</b>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Recreation and Park Service	\$ 1,945,559	\$ 5,867	\$ 627,785	\$ -	\$ (1,311,907)
<b>Total Governmental Activities</b>	<u>\$ 1,945,559</u>	<u>\$ 5,867</u>	<u>\$ 627,785</u>	<u>\$ -</u>	<u>(1,311,907)</u>

**General revenues:**

Property taxes	1,323,112
Grants, contributions and other income not restricted to specific programs	54,062
Unassigned interest income	-
<b>Total General Revenues</b>	<u>1,377,174</u>
Change in Net Position	65,267
Net Position - beginning	354,121
Net Position - ending	<u>\$ 419,388</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**

COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2016

	Governmental Funds	Total (Memorandum Only)
	General Fund	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,451,500	\$ 1,451,500
Accounts receivable	75,186	75,186
<b>Total Assets</b>	<b>\$ 1,526,686</b>	<b>\$ 1,526,686</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 61,054	\$ 61,054
Line of Credit	-	-
Compensated absences	14,995	14,995
Employee benefits liability	-	-
<b>Total Liabilities</b>	<b>76,049</b>	<b>76,049</b>
<b>Fund Balance</b>		
Unassigned	1,450,637	1,450,637
Restricted	-	-
<b>Total Fund Balance</b>	<b>1,450,637</b>	<b>1,450,637</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,526,686</b>	

**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	2,623
Some payments are deferred in the governmental fund financial statements but recognized when expensed in the statement of activities	(29,652)
Long-term liabilities that are not due and payable in the current period and therefore not reported in the funds	(1,004,220)
	<b>\$ 419,388</b>



# BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Funds	
	General Fund	Total (Memorandum Only)
<b>REVENUES</b>		
Taxes and assessments	\$ 1,323,112	\$ 1,323,112
Revenue from the use of money/property	156,841	156,841
Intergovernmental revenues	54,062	54,062
Charges for current services	5,867	5,867
Other revenue	470,944	470,944
<b>Total Revenue</b>	<b>2,010,826</b>	<b>2,010,826</b>
<b>EXPENDITURES</b>		
Salaries and wages	665,738	665,738
Employee benefits	184,958	184,958
Supplies and services	572,252	572,252
Other charges	3,394	3,394
Structures and improvements	94,219	94,219
Special events	105,735	105,735
<b>Total Expenditures</b>	<b>1,626,296</b>	<b>1,626,296</b>
Excess/(deficit) of revenues over expenditures	384,530	384,530
<b>OTHER FINANCING SOURCES (USES):</b>		
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Total Fund Balance</b>	<b>384,530</b>	<b>384,530</b>
Fund Balance - Beginning	1,066,107	1,066,107
<b>Fund Balance - Ending</b>	<b>\$ 1,450,637</b>	<b>\$ 1,450,637</b>

**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, 2016**

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

Net Change in fund balances-total governmental funds	\$ 384,530
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	(273,236)
Net OPEB liability recognized (portion related to governmental funds)	3,786
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 governmental funds	(49,813)
Change in net position of governmental activities	<u>\$ 65,267</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

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	Agency Funds	Total (Memorandum Only)
<b>ASSETS</b>		
Investment for Compensation	\$ 40,616	\$ 40,616
Investment for OPEB	226,840	226,840
<b>Total Assets</b>	<u>267,456</u>	<u>267,456</u>
<b>LIABILITIES</b>		
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
<b>Held in trust for:</b>		
Employees pension and other benefits	267,456	267,456
<b>Total Net Postion</b>	<u>\$ 267,456</u>	<u>\$ 267,456</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

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	Agency Funds	Total (Memorandum Only)
<b>ADDITIONS:</b>		
Employer contributions	\$ 57,447	\$ 57,447
Investment gain (loss)	2,899	2,899
<b>Total Additions</b>	<u>60,346</u>	<u>60,346</u>
<b>DEDUCTIONS:</b>		
Employee benefits paid	<u>3,957</u>	<u>3,957</u>
<b>Total deductions</b>	<u>3,957</u>	<u>3,957</u>
Excess/(deficit) of revenues over expenditures	56,389	56,389
Net Position - Beginning	<u>211,068</u>	<u>211,068</u>
<b>Net Position - Ending</b>	<u>\$ 267,457</u>	<u>\$ 267,457</u>

# BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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### 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	2018
Chris Diercks	Treasurer	2018
John Flores	Director	2016
Kevin Gaines	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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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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 were more than appropriations by \$20,660 for the year ended June 30, 2016.

### **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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### 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 \$14,995.

### 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.

### Deferred Inflows/Outflows of Resources

In accordance with GASB 63, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

### Pensions

Pursuant to GASB statement 68, the accompanying financial statements present net pension liabilities. 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 and additions to / deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 2. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following

Cash in bank	\$ 693,336
Cash - Riverside County	758,164
Total cash and cash equivalents on deposit with financial institutions	<u>\$ 1,451,500</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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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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	\$ 41,675
Payments	(3,957)
Deposits	2,898
Ending balance	<u>\$ 40,616</u>

### 5 PENSION PLAN

#### Plan Description, Benefits Provided and Employees covered

The District has three separate pension plans all of which are administered by the California Public Employee's Retirement System (CalPERS). The CalPERS Miscellaneous Plan (CMP) is no longer open to new entrants. The CalPERS Miscellaneous Plan (CMP Tier 2) is no longer open to new entrants. The CalPERS PEPRA Miscellaneous Plan (CALPEP) is the primary pension plan now utilized by the District and is open to new entrants. The following information combines information common between the CALPEP, CMP and CMP Tier 2 when applicable in an attempt to avoid duplication.

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.

The Plans are cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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 (CMP). Employees hired after January 2013 who were already a CalPERS member without a six month break in service are eligible for retirement at the age of 55 and are entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit (CMP Tier 2). Employees hired after January 2013 entering CalPERS when hired are eligible for retirement at the age of 62 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit (CalPEP). 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.

#### Contributions Description

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 July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process.

For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the CMP plan as of the measurement period ended **June 30, 2015** (the measurement date),

**NOTES TO FINANCIAL STATEMENTS (Continued)**

the active employee contribution rate is 8.0 percent of annual pay, and the average employer’s contribution rate is 10.958 percent of annual payroll. For the CMP Tier 2 plan as of the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 7.0 percent of annual pay, and the average employer’s contribution rate is 8.0 percent of annual payroll. For the CALPEP plan as of the measurement period ended **June 30, 2015** (the measurement date), the active employee contribution rate is 6.25 percent of annual pay, and the average employer’s contribution rate is 6.55 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

The required employer contributions and the amount paid to CalPERS by Beaumont Cherry Valley Recreation and Park District for the year ended **June 30, 2016** were \$48,798. The Districts employer contributions were equal to the required employer contributions for the year ended **June 30, 2016**.

**Actuarial Methods and Assumptions Used to Determine total Pension Liability**

The June 30, 2015 total pension liability were 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 Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

**Expected Rate of Return**

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.

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.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 *</b>	<b>Real Return Years 11 + **</b>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Este	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**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 each plan, 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, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate 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. 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.

**Pension Plan Fiduciary Net Position**

Detailed information about CalPERS' fiduciary net position is available in a separately issued CalPERS comprehensive annual financial report at CalPERS' website.

**Allocation of Net Pension Liability and Pension Expense to Individual Plans**

Please refer to the Cal PERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see this report for the calculation of the plan's proportionate share of total pension liability.

For the measurement period ended June 30, 2015, the District was allocated 0.0001822% of the plan's aggregate pension liability, 0.00018603% of the plan's aggregate net position, and 0.0001477% of the plan's aggregate deferred inflows, outflows and pension expense.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/14</b>	\$ 2,413,319	\$ 2,099,453	\$ 313,866
Net changes	71,799	(72,463)	144,262
<b>Balance at 6/30/15</b>	<u>\$ 2,485,118</u>	<u>\$ 2,026,990</u>	<u>\$ 458,128</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability/(asset) of the Plans as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate - 1 (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1 (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 768,313	\$ 458,128	\$ 202,035

**Pension Expense and Deferred Outflows and Deferred Inflows**

For the year ended **June 30, 2016**. The District recognized pension expense of \$49,658 for its proportionate share of CalPERS pension expense. At **June 30, 2016**, The District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

**NOTES TO FINANCIAL STATEMENTS (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ (2,785)
Changes of Assumptions	-	26,344
Net Difference between actual and projected Contributions	-	27,944
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	13,207
Adjustment due to differences in Proportions	-	13,740
Employer contributions paid to CalPERS subsequent to the measurement date	49,798	-
	<u>\$ 49,798</u>	<u>\$ 78,450</u>

The \$49,798 reported as deferred outflows of resources related to pensions resulting from The District's contributions to CalPERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to CalPERS pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	
<b>2017</b>	\$ 19,811
<b>2018</b>	19,811
<b>2019</b>	19,811
<b>2020</b>	16,377
<b>2021</b>	2,640
<b>Thereafter</b>	-
	<u>\$ 78,450</u>

**Subsequent Events Related to Pension**

There were no subsequent events that would materially affect the results presented in this disclosure.

**Payable to the Pension Plan**

At **June 30, 2016**, Beaumont Cherry Valley Recreation and Park District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended **June 30, 2016**.

**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 **2016** year the District contributed \$21,087 to the plan as well as \$3,957 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:

<b>Employer Calculation of Obligation:</b>	
Annual Required Contribution	\$ 24,873
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>(3,786)</u>
Total OPEB Cost	21,087
Contributions made	<u>24,873</u>
Decrease in OPEB obligation	<u>(3,786)</u>
Net OPEB obligation - Beginning of year	549,878
Net OPEB obligation - End of year	<u><u>\$ 546,092</u></u>

As of June 30, 2015, the most recent actuarial valuation date, the plan was 37% funded. The actuarial accrued liability for benefits was \$540,741 and the actuarial value of the assets was \$198,939, resulting in an unfunded actuarial liability (UAAL) of \$341,802. The covered payroll was \$538,579 and the ratio of covered payroll to UAAL was 63%.

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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. CAPITAL ASSETS**

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

	Balance 6/30/15	Additions	Deletions	Balance 06/30/16
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 274,218	\$ -	\$ -	\$ 274,218
<b>Subtotal</b>	<b>274,218</b>	<b>-</b>	<b>-</b>	<b>274,218</b>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	4,571,653	-	-	4,571,653
Equipment	798,691	3,060	-	801,751
<b>Subtotal</b>	<b>5,370,344</b>	<b>3,060</b>	<b>-</b>	<b>5,373,404</b>
<b>Total Capital Assets</b>	<b>5,644,562</b>	<b>3,060</b>	<b>-</b>	<b>5,647,622</b>
Accumulated Depreciation	(5,368,703)	(276,296)	-	(5,644,999)
<b>Governmental Activities, Net Capital Assets</b>	<b>\$ 275,859</b>	<b>\$ (273,236)</b>	<b>\$ -</b>	<b>\$ 2,623</b>

Depreciation expense for the period amounted to: \$ 276,296

**8. ACCOUNTS RECEIVABLE**

At June 30, 2016 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.

**9. 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, 2016 was \$4,789.

<u>Years Ending June 30</u>	
2017	4,789
2018	3,592
	<u><u>\$ 8,381</u></u>

**10. SUBSEQUENT EVENTS**

Management evaluated the activity of the company through March 16, 2017 (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 DISTRICT**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET TO ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>			
Taxes and assessments	\$ 1,186,636	\$ 1,323,112	\$ 136,476
Revenue from the use of money/property	73,550	156,841	83,291
Intergovernmental revenues	-	54,062	54,062
Charges for current services	29,200	5,867	(23,333)
Other revenue	316,250	470,944	154,694
<b>Total Revenue</b>	<b>1,605,636</b>	<b>2,010,826</b>	<b>405,190</b>
<b>EXPENDITURES</b>			
Salaries and wages	660,000	665,738	5,738
Employee benefits	163,853	184,958	21,105
Supplies and services	590,533	572,252	(18,281)
Other charges	-	3,394	3,394
Structures and improvements	125,450	94,219	(31,231)
Special events	65,800	105,735	39,935
<b>Total Expenditures</b>	<b>\$ 1,605,636</b>	<b>\$ 1,626,296</b>	<b>\$ 20,660</b>
Excess/(deficit) of revenues over expenditures	<b>\$ -</b>	<b>\$ 384,530</b>	<b>\$ 384,530</b>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS AT THE MEASUREMENT DATE JUNE 30, 2015**

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<b>Measurement date June 30:</b>	[1]	<u><b>2014</b></u>	<u><b>2015</b></u>
<b>Proportion of the net pension liability</b>		0.00504%	0.00018%
<b>Proportionate share of the net pension liability</b>	\$	313,776	\$ 458,128
<b>Covered-employee payroll</b>	\$	546,588	\$ 466,221
<b>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</b>		57%	98%
<b>CALPers fiduciary net position as a percentage of the total pension liability</b>		87%	83%

[1] This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**AT THE MEASUREMENT DATE JUNE 30, 2015**

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<b>Measurement date June 30:</b>	[1] <u><b>2014</b></u>	<u><b>2015</b></u>
<b>Contractually required contribution</b>	\$ 42,396	48,798
<b>Contributions in relation to the contractually required contributions</b>	<u>(42,396)</u>	<u>(48,798)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered-employee payroll</b>	\$ 546,588	\$ 466,221
<b>Contributions as a percentage of covered- employee payroll</b>	7.76%	10.47%

[1] This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

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**A. REQUIRED SUPPLEMENTARY INFORMATION: COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – ALL GOVERNMENTAL FUND TYPES**

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.

**B. REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY CALPERS MISCELLANEOUS PLAN TIER 1 AND TIER 2 & SCHEDULE OF CONTRIBUTIONS CALPERS MISCELLANEOUS PLAN TIER 1 AND TIER 2**

**Change in Benefit Terms:** The figures included in the required supplementary information do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

**Change in Assumptions:** The discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.