



# Beaumont Cherry Valley Recreation and Park District

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2015

**SM&Co**  
Smith Marion  
& Company, LLP  
Certified Public Accountants

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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## **FINANCIAL INFORMATION**



Smith Marion & Company, LLP · Certified Public Accountants  
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

**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, 2015, and the related notes to the financial statements, which collectively comprise Beaumont Cherry Valley Recreation and Park District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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, 2015, 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.

## INDEPENDENT AUDITORS REPORT (Continued)

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### 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.



November 09, 2015

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,074,375	\$ 1,074,375
Accounts receivable	65,649	65,649
<b>Total Current Assets</b>	<u>1,140,024</u>	<u>1,140,024</u>
<b>Non-current Assets</b>		
Capital assets (net)	<u>275,859</u>	<u>275,859</u>
<b>TOTAL ASSETS</b>	<u>1,415,883</u>	<u>1,415,883</u>
<b>DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS</b>	<u>44,315</u>	<u>44,315</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	<u>73,917</u>	<u>73,917</u>
<b>Total Current Liabilities</b>	<u>73,917</u>	<u>73,917</u>
<b>Non-current Liabilities</b>		
Employee benefits liability	<u>549,878</u>	<u>549,878</u>
Net pension liability	<u>313,773</u>	<u>313,773</u>
<b>TOTAL LIABILITIES</b>	<u>937,568</u>	<u>937,568</u>
<b>DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS</b>	<u>168,509</u>	<u>168,509</u>
<b>NET POSITION</b>		
Unrestricted	28,262	28,262
Restricted for loss contingency	50,000	50,000
Net investments in capital assets	<u>275,859</u>	<u>275,859</u>
<b>TOTAL NET POSITION</b>	<u>\$ 354,121</u>	<u>\$ 354,121</u>

The accompanying notes are an integral part of this statement

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Recreation and Park Service	\$ 1,888,115	\$ 6,717	\$ 514,040	\$ -	\$ (1,367,358)
<b>Total Governmental Activities</b>	<u>\$ 1,888,115</u>	<u>\$ 6,717</u>	<u>\$ 514,040</u>	<u>\$ -</u>	<u>\$ (1,367,358)</u>
<b>General revenues:</b>					
Property taxes					1,205,397
Grants, contributions and other income not restricted to specific programs					43,695
Unassigned interest income					-
<b>Total General Revenues</b>					<u>1,249,092</u>
Change in Net Position					(118,266)
Net Position - beginning					893,093
Prior period adjustment					(420,706)
Net position as restated, July 1, 2014					472,387
Net Position - ending					<u>\$ 354,121</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2015**

	Governmental Funds	Total (Memorandum Only)
	General Fund	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,074,375	\$ 1,074,375
Accounts receivable	65,649	65,649
<b>Total Assets</b>	<b>\$ 1,140,024</b>	<b>\$ 1,140,024</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 58,922	\$ 58,922
Line of Credit	-	-
Compensated absences	14,995	14,995
Employee benefits liability	-	-
<b>Total Liabilities</b>	<b>73,917</b>	<b>73,917</b>
<b>Fund Balance</b>		
Unassigned	1,066,107	1,066,107
Restricted	-	-
<b>Total Fund Balance</b>	<b>1,066,107</b>	<b>1,066,107</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,140,024</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	275,859
Some payments are deferred in the governmental fund financial statements but recognized when expensed in the statement of activities	(124,194)
Long-term liabilities that are not due and payable in the current period and therefore not reported in the funds	(863,651)
	<b>\$ 354,121</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, 2015**

	Governmental Funds	
	General Fund	Total (Memorandum Only)
<b>REVENUES</b>		
Taxes and assessments	\$ 1,205,397	\$ 1,205,397
Revenue from the use of money/property	120,680	120,680
Intergovernmental revenues	43,695	43,695
Charges for current services	6,717	6,717
Other revenue	393,360	393,360
<b>Total Revenue</b>	<b>1,769,849</b>	<b>1,769,849</b>
<b>EXPENDITURES</b>		
Salaries and wages	523,584	523,584
Employee benefits	159,527	159,527
Supplies and services	538,930	538,930
Other charges	4,532	4,532
Structures and improvements	49,982	49,982
Special events	72,310	72,310
<b>Total Expenditures</b>	<b>1,348,865</b>	<b>1,348,865</b>
Excess/(deficit) of revenues over expenditures	420,984	420,984
<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>420,984</b>	<b>420,984</b>
Fund Balance - Beginning	645,123	645,123
<b>Fund Balance - Ending</b>	<b>\$ 1,066,107</b>	<b>\$ 1,066,107</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, 2015**

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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	\$ 420,984
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	(526,834)
Net OPEB liability recognized (portion related to governmental funds)	4,845
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	(17,261)
Change in net position of governmental activities	<u>\$ (118,266)</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

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	Agency Funds	Total (Memorandum Only)
<b>ASSETS</b>		
Investment for Compensation	\$ 41,675	\$ 41,675
Investment for OPEB	169,393	169,393
<b>Total Assets</b>	<b>211,068</b>	<b>211,068</b>
<b>LIABILITIES</b>		
<b>Total Liabilities</b>	-	-
<b>NET POSITION</b>		
<b>Held in trust for:</b>		
Employees pension and other benefits	211,068	211,068
<b>Total Net Postion</b>	<b>\$ 211,068</b>	<b>\$ 211,068</b>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	Agency Funds	Total (Memorandum Only)
<b>ADDITIONS:</b>		
Employer contributions	\$ 41,839	\$ 41,839
Investment gain (loss)	2,488	2,488
<b>Total Additions</b>	<u>44,327</u>	<u>44,327</u>
<b>DEDUCTIONS:</b>		
Employee benefits paid	<u>24,218</u>	<u>24,218</u>
<b>Total deductions</b>	<u>24,218</u>	<u>24,218</u>
Excess/(deficit) of revenues over expenditures	20,109	20,109
Net Position - Begining	<u>190,959</u>	<u>190,959</u>
<b>Net Position - Ending</b>	<u>\$ 211,068</u>	<u>\$ 211,068</u>

# BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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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	2016
Chris Diercks	Treasurer	2016
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.

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 less than appropriations by \$203,635 for the year ended June 30, 2015.

#### **Cash and Cash Equivalents**

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

#### **Sources of Revenue**

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

#### **Estimates**

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

#### **Investment**

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

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

**Capital Assets**

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

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

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

**Long-Term Obligations**

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

**Compensated Absences Payable**

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

**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.

**2. CASH AND INVESTMENTS**

Cash and cash equivalents consist of the following

Cash in bank	\$ 513,229
Cash - Riverside County	<u>561,146</u>
Total cash and cash equivalents on deposit with financial institutions	<u>\$ 1,074,375</u>

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

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

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

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

**Disclosure Relating to Interest Rate Risk**

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

**Disclosure Relating to Credit Risk**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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



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

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

### 3. PROPERTY TAX CALENDAR

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

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

### 4. DEFERRED COMPENSATION PLAN (Fiduciary Funds)

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

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

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

	Total
Beginning balance	\$ 63,405
Payments	(21,730)
Ending balance	<u>\$ 41,675</u>

**5 CHANGE IN ACCOUNTING PRINCIPLE**

Net position as of June 30, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*:

	Activities
<b>Beginning net position as previously reported at June 30, 2014</b>	\$ 893,093
Prior period adjustment - Implementation of GASB 68:	
Net Pension liability (measurement date as of June 30, 2014)	(420,706)
 <b>Net position as restated, July 1, 2014</b>	<b>\$ 472,387</b>

**6 PENSION PLAN**

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

The District has two separate pension plans both of which are administered by the California Public Employee's Retirement System (CalPERS). The CalPERS Miscellaneous Plan (Tier 1) is no longer open to new entrants. The CalPERS Miscellaneous Plan (Tier 2) is the primary pension plan now utilized by the District and is open to new entrants.

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 Plan is a 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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 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 (Tier 1). Employees hired after January 2013 are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit (Tier 2). 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 Tier 1 plan as of the measurement

period ended June 30, 2014 (the measurement date), the active employee contribution rate is 7.947 percent of annual pay, and the average employer's contribution rate is 11.144 percent of annual payroll. For the Tier 2 plan as of the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 10.282 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, 2015 were \$44,315. The Districts employer contributions were equal to the required employer contributions for the year ended June 30, 2015.

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

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 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	7.50%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 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.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However,

employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASS 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. 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)

#### **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**

The Districts proportion of the net pension liability was based on contribution rates within the pool based on the separate relationships through the plans sponsored within the risk pool. At June 30, 2014, The Districts proportion of the Tier 1 plan's net pension liability was 0.00504% and was 0.00000% of the Tier 2 plan's net pension liability.

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 Appendix D of this report for the calculation of the plan's proportionate share of total pension liability and fiduciary net position.

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

The following presents the net pension liability/(asset) of the Tier 1 Plan as of the measurement date, calculated using the discount rate of 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate. The Tier 2 Plan had \$0 net pension liability as of the measurement date:

	Discount Rate - 1 (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1 (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 633,934	\$ 313,776	\$ 48,076

**Recognition of Gains and Losses**

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C. The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Pension Liability**

At June 30, 2015, the District reported a net pension liability of \$313,776 for its proportionate share of the CalPERS' net pension liability. The net pension liability was measured as of June 30, 2014. And the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's reported liability at June 30, 2015, decreased by \$106,930 from the prior year liability of \$420,706 because of changes in the CalPERS net pension liability and The District's proportionate share of that liability. The CalPERS' publicly available financial report provides details on the change in net pension liability.

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

For the year ended June 30, 2015. The District recognized pension expense of \$61,572 for its proportionate share of CalPERS pension expense. At June 30, 2015, The District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	144,215
Adjustment due to differences in Proportions	-	26,987
Employer contributions paid to CalPERS subsequent to the measurement date	44,315	-
	<u>\$ 44,315</u>	<u>\$ 171,202</u>

The \$44,315 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, 2016. Other amounts reported as deferred inflows of resources related to CalPERS pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	\$ 45,693
2017	45,693
2018	43,763
2019	36,053
2020	-
Thereafter	-
	<u>\$ 171,202</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, 2015, 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, 2015.

**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 2015 year the District contributed \$41,839 to the plan as well as \$4,845 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	\$ 41,839
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>(4,845)</u>
Total OPEB Cost	36,994
Contributions made	<u>41,839</u>
Increase in OPEB obligation	<u>(4,845)</u>
Net OPEB obligation - Beginning of year	<u>554,723</u>
Net OPEB obligation - End of year	<u><u>\$ 549,878</u></u>

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

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

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

**7. CAPITAL ASSETS**

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

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 274,218	\$ -	\$ -	\$ 274,218
<b>Subtotal</b>	<u>274,218</u>	<u>-</u>	<u>-</u>	<u>274,218</u>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	4,571,653	-	-	4,571,653
Equipment	788,491	10,200	-	798,691
<b>Subtotal</b>	<u>5,360,144</u>	<u>10,200</u>	<u>-</u>	<u>5,370,344</u>
<b>Total Capital Assets</b>	<u>5,634,362</u>	<u>10,200</u>	<u>-</u>	<u>5,644,562</u>
Accumulated Depreciation	<u>(4,831,669)</u>	<u>(537,034)</u>	<u>-</u>	<u>(5,368,703)</u>
<b>Governmental Activities, Net Capital Assets</b>	<u>\$ 802,693</u>	<u>\$ (526,834)</u>	<u>\$ -</u>	<u>\$ 275,859</u>

Depreciation expense for the period amounted to: \$ 537,034

**8. CURRENT AND NONCURRENT LIABILITIES**

Current and noncurrent liabilities of the District consisted of the following at June 30, 2015:

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

A summary of the changes in debt is as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Notes/loans payable	\$ 2,109	\$ -	\$ (2,109)	\$ -
	<u>\$ 2,109</u>	<u>\$ -</u>	<u>\$ (2,109)</u>	<u>\$ -</u>

**9. ACCOUNTS RECEIVABLE**

At June 30, 2015 the District's accounts receivable consisted primarily of receivables from the County of Riverside. Management has determined the entire amount of the receivables is fully collectible, therefore, no allowance for doubtful accounts has been established. All amounts are due to be collected within one year.



**10. LEASES**

Beaumont Cherry Valley Recreation and Park District entered into a lease agreement for a copier in March 2012. The lease requires monthly payments of \$390 plus charges for excess copies made based on fixed fee per copy, and expires in February 2017. The lease expense under this agreement for the year ended June 30, 2015 was \$4,681.

<u>Years Ending June 30</u>	
2016	4,789
2017	3,592
	<u><u>\$ 8,381</u></u>

**11. SUBSEQUENT EVENTS**

Management evaluated the activity of the company through November 09, 2015 (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, 2014

	Original and Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>			
Taxes and assessments	\$ 1,151,500	\$ 1,205,397	\$ 53,897
Revenue from the use of money/property	61,300	120,680	59,380
Intergovernmental revenues	-	43,695	43,695
Charges for current services	40,000	6,717	(33,283)
Other revenue	299,700	393,360	93,660
<b>Total Revenue</b>	<u>1,552,500</u>	<u>1,769,849</u>	<u>217,349</u>
<b>EXPENDITURES</b>			
Salaries and wages	665,000	523,584	(141,416)
Employee benefits	175,173	159,527	(15,646)
Supplies and services	519,377	538,930	19,553
Other charges	7,000	4,532	(2,468)
Structures and improvements	101,850	49,982	(51,868)
Special events	84,100	72,310	(11,790)
<b>Total Expenditures</b>	<u>\$ 1,552,500</u>	<u>\$ 1,348,865</u>	<u>\$ (203,635)</u>
Excess/(deficit) of revenues over expenditures	<u>\$ -</u>	<u>\$ 420,984</u>	<u>\$ 420,984</u>

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CALPERS MISCELLANEOUS PLAN TIER 1 AND TIER 2, AT MEASUREMENT DATE**

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	<u>June 30</u> <u>2014</u>	[1]
<b>MISCELLANEOUS PLAN TIER 1</b>		
Proportion of the net pension liability	0.00504%	
Proportionate share of the net pension liability	\$ 313,776	
Covered-employee payroll	\$ 522,715	
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.03%	
CALPers fiduciary net position as a percentage of the total pension liability	87.00%	
	<u>June 30</u> <u>2014</u>	[1]
<b>MISCELLANEOUS PLAN TIER 2</b>		
Proportion of the net pension liability	0.00000%	
Proportionate share of the net pension liability	\$ -	
Covered-employee payroll	\$ 23,873	
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	
CALPers fiduciary net position as a percentage of the total pension liability	100.00%	

[1] The amounts presented for each fiscal year were determined as of June 30, 2014. Data for fiscal years ended June 2005 through 2013 is not available in comparable format.

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**CALPERS MISCELLANEOUS PLAN TIER 1 AND TIER 2, AT MEASUREMENT DATE**

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	<u>June 30</u> <u>2014</u>	[1]
<b>MISCELLANEOUS PLAN TIER 1</b>		
Contractually required contribution	\$ 42,396	
Contributions in relation to the contractually required contributions	<u>(42,396)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll	\$ 522,715	
Contributions as a percentage of covered- employee payroll	8.11%	
	<u>June 30</u> <u>2014</u>	[1]
<b>MISCELLANEOUS PLAN TIER 2</b>		
Contractually required contribution	\$ -	
Contributions in relation to the contractually required contributions	<u>-</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll	\$ 23,873	
Contributions as a percentage of covered- employee payroll	0.00%	

[1] The amounts presented for each fiscal year were determined as of June 30, 2014. Data for fiscal years ended June 2005 through 2013 is not available in comparable format.

**BEAUMONT CHERRY VALLEY RECREATION AND PARK DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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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 June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

**Change in Assumptions:** None