



BEAUMONT – CHERRY VALLEY

RECREATION AND PARK DISTRICT

Creating Opportunities for a Healthy Community

FINANCIAL REPORT
JUNE 30, 2020

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3 - 4
Statement of Activities	5
Balance Sheet – Governmental Funds	6 - 7
Statements of Revenue, Expenditures, and Change in Fund Balance – Governmental Funds	8 - 9
Notes to Financial Statements	10 - 36
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED	
Schedule of Pension Plan Contributions – Last 10 Years	37
Schedule of District’s Proportionate Share of Net Pension Liability - Last 10 Years	38
Schedule of Changes in the District’s Net OPEB Liability and Related Ratios - Last 10 Years	39
OTHER SUPPLEMENTARY INFORMATION - UNAUDITED	
Officers, Directors, and Senior Management and Insurance Coverage	40



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Beaumont-Cherry Valley Recreation and Park District

We have audited the accompanying financial statements of the governmental activities and each major fund of Beaumont-Cherry Valley Recreation and Park District (the District) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

**H A L L I D A Y
& C O M P A N Y**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Require Supplementary Information

Accounting principles generally accepted in the United States of America require that the information related to the pension and other postemployment benefits plans on pages 37 through 39 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of officers, directors, and senior management and insurance coverage on page 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Halliday & Co, CPAs

November 3, 2021

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Assets	
Cash and cash equivalents	\$ 1,229,035
Accounts receivable:	
Program service fees	7,223
Property taxes	92,775
Capital assets nondepreciable	452,678
Capital assets depreciable, net	<u>3,337,927</u>
 Total assets	 <u>5,119,638</u>
Deferred outflows of resources	
Pension related	230,050
OPEB related	<u>19,181</u>
 Total deferred outflows of resources	 <u>249,231</u>
 Total assets and deferred outflows of resources	 <u>\$ 5,368,869</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities	
Accounts payable to vendors	\$ 182,642
Accrued payroll	8,193
Program service fee deposits	86,573
Capital lease obligation	36,237
Long-term liabilities	<u>659,098</u>
Total liabilities	<u>972,743</u>
Deferred inflows of resources	
Pension related	29,415
OPEB related	200,761
Lease assignment	<u>297,731</u>
Total deferred inflows of resources	<u>527,907</u>
Net position	
Net investment in capital assets	3,754,368
Unrestricted	<u>113,851</u>
Total net position	<u>3,868,219</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,368,869</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenue Governmental Activities
Governmental Activities			
Recreation	\$ 2,511,665	\$ 394,835	\$ (2,116,830)
Foundation	<u>27,743</u>	<u>35,848</u>	<u>8,105</u>
Total	<u>\$ 2,539,408</u>	<u>\$ 430,683</u>	<u>(2,108,725)</u>
	General revenues:		
	Property taxes		2,113,217
	Intergovernmental revenues		204,766
	Interest income		15,847
	Other		<u>179,152</u>
	Total general revenues		<u>2,512,982</u>
	Change in net position		404,257
	Net position, beginning of year		<u>3,463,962</u>
	Net position, end of year		<u>\$ 3,868,219</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2020

	<u>General Fund</u>	<u>Foundation Fund</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 1,148,322	\$ 80,713	\$ 1,229,035
Accounts receivable:			
Program service fees	7,223	-	7,223
Property taxes	50,294	-	50,294
Due from other funds	<u>-</u>	<u>191,170</u>	<u>191,170</u>
Total assets	<u>\$ 1,205,839</u>	<u>\$ 271,883</u>	<u>\$ 1,477,722</u>
Liabilities			
Accounts payable to vendors	182,642	-	182,642
Accrued payroll	8,193	-	8,193
Program service fee deposits	71,573	15,000	86,573
Due to other funds	<u>191,170</u>	<u>-</u>	<u>191,170</u>
Total liabilities	<u>453,578</u>	<u>15,000</u>	<u>468,578</u>
Fund balances			
Unassigned	<u>752,261</u>	<u>256,883</u>	<u>1,009,144</u>
Total liabilities and fund balance	<u>\$ 1,205,839</u>	<u>\$ 271,883</u>	<u>\$ 1,477,722</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2020

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

Total fund balances - governmental fund	\$ 1,009,144
Accounts receivable in the statement of net position that do not provide current financial resources are not reported as receivables in the funds.	42,481
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the fund.	3,790,605
Capital lease obligations are not reported in the fund.	(36,237)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	(659,098)
Deferred inflows related to the lease assignment are not reported in the fund.	(297,731)
Deferred inflows and outflows related to the pension are not reported in the fund.	200,635
Deferred inflows and outflows related to OPEB are not reported in the fund.	<u>(181,580)</u>
Net position of governmental activities	<u>\$ 3,868,219</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**

Year Ended June 30, 2020

	<u>General</u> <u>Fund</u>	<u>Foundation</u> <u>Fund</u>	<u>Totals</u>
Revenues			
Program service fees	\$ 394,835	\$ 35,848	\$ 430,683
Property taxes	2,102,288	-	2,102,288
Intergovernmental revenues	204,766	-	204,766
Interest income	15,847	-	15,847
Other	<u>162,178</u>	<u>4,304</u>	<u>166,482</u>
 Total revenues	 <u>2,879,914</u>	 <u>40,152</u>	 <u>2,920,066</u>
Expenditures			
Salaries and benefits	1,093,836	-	1,093,836
Service and supplies	1,156,546	27,743	1,184,289
Capital outlay	<u>1,180,187</u>	<u>-</u>	<u>1,180,187</u>
 Total expenditures	 <u>3,430,569</u>	 <u>27,743</u>	 <u>3,458,312</u>
 Revenues over expenditures	 <u>(550,655)</u>	 <u>12,409</u>	 <u>(538,246)</u>
Interfund activity			
Transfers in	67,404	-	67,404
Transfers out	<u>-</u>	<u>(67,404)</u>	<u>(67,404)</u>
	<u>67,404</u>	<u>(67,404)</u>	<u>-</u>
 Net change in fund balances	 (483,251)	 (54,995)	 (538,246)
Fund balance			
Beginning of year	<u>1,235,512</u>	<u>311,878</u>	<u>1,547,390</u>
 End of year	 <u>\$ 752,261</u>	 <u>\$ 256,883</u>	 <u>\$ 1,009,144</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended June 30, 2020

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

Net change in fund balance - governmental fund	\$ (538,246)
Revenues recorded in the statement of activities that are not considered current financial resources in the current year governmental fund statements.	23,599
Changes in long-term liabilities and deferred outflows and inflows related to pension/OPEB	(74,299)
Capital outlays are reported as expenditures in the governmental fund statements; however, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.	1,180,187
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental statements.	<u>(186,984)</u>
Change in net position of governmental activities	<u>\$ 404,257</u>

See notes to financial statements.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

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

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

The District and the Beaumont-Cherry Valley Recreation and Park Improvement Corporation (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standards Board (GASB) Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation are included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy the GASB 39 criteria:

- A. The Corporation and the District share substantially the same board of directors and management.
- B. The District is able to impose its will upon the Corporation.

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on April 22, 1992. The Corporation was formed primarily to strengthen the resources of the District, improve the general public's knowledge concerning programs sponsored by the District, and distribute funds or property received by the Corporation to the District for the use and benefit of the District.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements - Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting on the District's funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The District's recreational program activities, development and maintenance of the District's various parks and facilities, and general administration are all classified as governmental activities.

In the government-wide statement of net position, the governmental activities are reported on a full accrual economic resource basis, which recognizes all long-term assets, deferred outflows of resources and receivables as well as long-term debt, deferred inflows of resources and obligations. The District's net position is reported in two parts: net investment in capital assets and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions (recreation and foundation). The functions are also supported by general government revenues (property taxes, intergovernmental revenue, interest income, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions, which 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.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenue, interest income, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in the governmental activities category. GASB No. 34 set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or all governmental and enterprise funds combined) for the determination of major funds. The District only has two funds which are both considered major funds.

Governmental Funds:

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports two major governmental funds:

The general fund is the District's operating fund used to account for and report all financial resources for the recreation activity. The activity reported in this fund is reported as governmental activity in the government-wide financial statements.

The foundation fund is a special revenue fund used to account for the proceeds of specific revenues sources that are restricted to expenditures for specific purposes. The foundation fund's primary source of revenue is provided by fundraising events and donations. The foundation funds resources are intended to be used for park improvement projects.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost of recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported.

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability, deferred inflow of resources is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The District recognizes property taxes when they become both measurable and available. A sixty-day available period is used for revenue recognition for all other governmental funds revenues. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting, except expenditures related to debt service, compensated absences, claims and judgments, pensions, and other postemployment benefits, which are recognized when due. General capital asset acquisitions are reported as capital outlay expenditures in governmental funds.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are program service fees, property taxes, intergovernmental revenues, interest income, and grant income. All other revenue items are considered to be measurable and available only when cash is received by the government.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of net position, the District considers cash and all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The District is a voluntary participant in the Riverside County Treasurer's Pooled Investment Fund (RCTPIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. The RCTPIF pools these funds with those of other entities and invests the cash as prescribed by the California Government Code. The fair value of the District's position in the pool approximates the fair value of the District's pro-rata share of the entire RCTPIF portfolio. The balance available for withdrawal is based on the accounting records maintained by RCTPIF, which are recorded on an amortized cost basis. There are no limitations on the withdrawal of these funds. For credit risk purposes, the fund is rated AAf/S1.

Accounts Receivable

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

Interfund Receivables, Payables, and Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepays

Prepays are valued at cost, which approximates market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Capital Assets

Capital assets acquired and/or constructed with an original cost of \$5,000 or more and an estimated useful life greater than one year, are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not add to the value of the capital assets or materially extend the lives of capital assets are not capitalized. Upon retirement or other disposition of capital assets, the costs and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

<u>Type of Asset</u>	<u>Life in Years</u>
Buildings and infrastructure	25 – 40
Buildings and land improvements	15 – 20
Maintenance equipment and vehicles	5 – 15

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of the asset. As of June 30, 2020, no impairment was recognized as management expects to fully utilize the District’s capital assets.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an increase/decrease of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure)/inflow of resources (revenue) until that time.

Pension Accounting

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employee’s Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as reported by the OPEB Plan's administrator, CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Compensated Absences

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

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

Property Taxes

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

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

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

Net Position

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

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

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

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

Fund Balance

In fund financial statements, the government fund balance may be categorized as nonspendable, restricted, committed, assigned, and unassigned. As of June 30, 2020, the District's governmental fund balance was comprised entirely of unassigned amounts.

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance).

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

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

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

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

Budgetary Policies

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

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

In June 2017, GASB issued Statement No. 87, *Leases*, which addresses new accounting and financial reporting requirements for leases, improving accounting and financial reporting for leases for governments. Leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract will be recognized as a lease liability and an intangible right-to-use lease asset for lessees and a lease receivable and a deferred inflow of resources for a lessor. As deferred by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As deferred by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirements for this statement are effective for reporting periods beginning after December 15, 2020.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation plans*, which requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective for reporting periods beginning after June 15, 2021.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS

For purposes of the following discussion, cash and cash equivalents have been classified as follows as of June 30, 2020:

Petty cash	\$	500
Deposits in financial institutions		579,440
Riverside County Treasurer’s Pooled Investment Fund		<u>649,095</u>
	\$	<u>1,229,035</u>

Investments Authorized by the District’s Investment Policy

The District’s investment policy authorizes investment in the RCTPIF. The District’s investment policy does not contain specific provisions intended to limit the District’s exposure to interest rate risk, credit risk, and concentration of credit risk.

Credit Risk and Custodial Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The RCTPIF is not rated; however, investments in the RCTPIF are highly liquid assets and are secured by the full faith and credit of Riverside County.

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

The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2020, \$329,440 of the District’s total bank balance was not insured by the Federal Deposit Insurance Corporation (FDIC); however, this amount was collateralized as described above by securities held by the bank in a public funds collateral pool, not specifically in the District’s name.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets nondepreciable:				
Land	\$ 271,450	\$ 156,500	\$ -	\$ 427,950
Construction in progress	143,393	5,268	(123,933)	24,728
Total capital assets nondepreciable	414,843	161,768	(123,933)	452,678
Capital assets depreciable:				
Buildings and infrastructure	1,590,809	239,519	-	1,830,328
Building and land improvements	1,431,523	853,468	-	2,284,991
Maintenance equipment and vehicles	391,101	59,916	-	451,017
Total capital assets depreciable	3,413,433	1,152,903	-	4,566,336
Less accumulated depreciation:				
Buildings and infrastructure	(680,792)	(48,977)	-	(729,769)
Building and land improvements	(251,863)	(93,014)	-	(344,877)
Maintenance equipment and vehicles	(113,782)	(39,981)	-	(153,763)
Total accumulated depreciation	(1,046,437)	(181,972)	-	(1,228,409)
Total capital assets depreciable, net	2,366,996	970,931	-	3,337,927
Total capital assets, net	\$ 2,781,839	\$ 1,132,699	\$ (123,933)	\$ 3,790,605

All depreciation expense was charged to recreation activities as the foundation fund does not have any capital assets.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated absences	\$ 36,951	\$ 51,992	\$ (61,075)	\$ 27,868
Net OPEB liability/(asset)	128,239	43,470	(280,141)	(108,432)
Net pension liability	683,427	56,235	-	739,662
Total capital assets, net	\$ 848,617	\$ 151,697	\$ (341,216)	\$ 659,098

The only portion of long-term liabilities that is considered due within one year is the compensated absences amount of \$27,868.

NOTE 6 – PENSION PLAN

General Information About the Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on year of credited service, with one year of credited service being equal to one year of full-time employment. All members are eligible for standard non-industrial disability benefits after five years of service. The District has chosen the Optional Settlement 2W Death Benefit.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

General Information About the Pension Plan (Continued)

Contribution 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 the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District’s total employer contributions were \$112,783 for the year ended June 30, 2020.

Active plan members who were hired before January 1, 2013 are referred to as “Classic” employees. Beginning January 1, 2013, the District established two classes of employees, as dictated by the newly enacted Public Employees Pension Reform Act (PEPRA).

The plan’s provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous	
	Hire date prior to January 2013	Hire date in or after January 2013*
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50 – 55 & up	52 –67 & up
Monthly benefits as a percent of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Cost of living adjustment	2.0%	2.0%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	13.182% + \$4,129/month	6.985% + \$95/month

* For employees that were hired on or after January 1, 2013, were already members of CalPERS prior to January 1, 2013, and had less than a six month break in service, the benefit formula is 2.0% at 55, the required employee contribution rate was 7.00%, and the required employer contribution rate was 9.680% + \$49/month. All other plan provisions and benefits are the same as those for other employees hired on or after January 1, 2013.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Methods and Assumptions

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
-----------------------	---

Actuarial assumptions:

Discount rate	7.15%
Inflation	2.5%
Salary increases	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 2.50% percent until purchasing power protection allowance floor on purchasing power applies.

* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 CalPERS experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Asset Class*	Asset Allocation	Real Return	
		Years 1-10**	Years 11+***
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	-	.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	-	(0.92)%
Total	100%		

* In CalPERS's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

** An expected inflation of 2.00% used for this period.

*** An expected inflation of 2.92% used for this period.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

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

The following presents the net pension liability of the Plan as of June 30, 2019 measurement date, calculated using the discount rate in effect at year-end. The table shows what the net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

	Discount Rate -1% 6.15%	Current Rate 7.15%	Discount Rate +1% 8.15%
Net pension liability	\$ 1,146,768	\$ 739,662	\$ 403,625

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, actuarial 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 on pension plan investments	5 year straight-line amortization
All other amounts	3.8 year straight-line amortization

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

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2019 measurement date was 0.018%. There was no change in this proportion since the prior measurement date.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (Continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$186,777. At June 30, 2020, the District deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Pension contributions subsequent to measurement date	\$ 112,783	\$ -
Difference between expected and actual experience	51,373	3,980
Changes of assumptions	35,271	12,503
Difference in actual versus projected contributions	11,072	-
Net difference between projected and actual investment earnings	-	12,932
Difference between employer’s contributions and proportionate share of contributions	<u>19,553</u>	<u>-</u>
Total	<u>\$ 230,052</u>	<u>\$ 29,415</u>

The amounts above are net of outflows and inflows recognized in the pension expense for the year ended June 30, 2020. The \$112,783 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30,	
2021	\$ 72,089
2022	2,208
2023	10,942
2024	<u>2,613</u>
Total	<u>\$ 87,852</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information About the OPEB Plan

Plan Description

The District has established a Retiree Healthcare Plan and participates in the California Employer’s Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree healthcare and other postemployment benefits costs.

Benefits Provided

The OPEB Plan provides postemployment healthcare benefits through a third-party insurer to employees who retire from the District on or after age 50 and have at least 10 years of service. The District pays a portion of the retiree’s health premiums for eligible retirees range from 50% at 10 years of service up to 100% at 25 years of service. The District’s board of directors has the authority to establish and amend the benefit terms.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	14
	14
Total	15

Contributions

The District’s board of directors establishes and amends the contribution requirements for the OPEB Plan. The District pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties, outside of CERBT, and makes additional contributions to CERBT to prefund benefits as determined by the District’s board of directors annually. For the year ended June 30, 2020, the District’s contributed \$3,551 to the OPEB Plan, of which \$3,551 was used for current retiree healthcare premiums and \$0 was used to prefund benefits.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2019.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	2.75% per year
Investment rate of return	7.00% net of expenses
Healthcare cost trend rates	4.00% per year
Mortality rates	Based on the 2014 CalPERS mortality rates for Miscellaneous Employees experience studies.
Retirement rates	Based on the 2009 CalPERS retirement rates for miscellaneous employees experience studies.
Turnover rates	Based on the 2009 CalPERS turnover rates for miscellaneous employees experience studies.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	59%	7.795%
Fixed income	25%	4.500%
Treasury Inflation-Protected Securities	5%	3.250%
Real Estate Investment Trusts	8%	7.500%
Commodities	3%	7.795%
 Total	 100%	

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Net OPEB Liability (Continued)

Rolling periods of time for all asset classes in combination were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average. Additionally, the historic 38-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates sufficient to fully fund the obligation over a period not to exceed 38 years. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance, beginning of year	\$ 460,368	\$ 332,129	\$ 128,239
Changes during the year:			
Service costs	7,484	-	7,484
Interest	32,309	-	32,309
Employer contributions	-	43,567	(43,567)
Expected investment income	-	25,694	(25,694)
Administrative expense	-	(72)	72
Benefit payments	(3,567)	(3,567)	-
Experience (gains)/losses	(210,952)		(210,952)
Investment gains/(losses)	-	(3,677)	3,677
Net Change	<u>(174,726)</u>	<u>61,945</u>	<u>(236,671)</u>
Balance, end of year	<u>\$ 285,642</u>	<u>\$ 394,074</u>	<u>\$ (108,432)</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	Discount Rate -1% 6.00%	Current Rate 7.00%	Discount Rate +1% 8.00%
Net OPEB liability/(asset)	\$ (59,593)	\$ (108,432)	\$ (147,275)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Trend Rate -1% 3.00%	Current Rate 4.00%	Trend Rate +1% 5.00%
Net OPEB liability/(asset)	\$ (148,544)	\$ (108,432)	\$ (58,612)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in CalPERS' CERBT Schedule of Changes in Fiduciary Net Position by Employer which can be found online at <https://www.calpers.ca.gov/page/forms-publications>.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB Plan expense of \$14,607. At June 30, 2020, the District had a deferred outflow of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
OPEB contributions subsequent to measurement date	\$ 16,845	\$ -
Difference between expected and actual experience	-	200,761
Net difference between projected and actual investment earnings	2,336	-
Total	\$ 19,181	\$ 200,761

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
(Continued)

The amounts above are net of outflows and inflows recognized in OPEB expense for the year ended June 30, 2020. The \$16,845 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future pension expense as follows:

Year Ending June 30,	
2021	\$ (9,657)
2022	(9,657)
2023	(9,657)
2024	(9,457)
2025	(10,191)
Thereafter	<u>(149,806)</u>
Total	<u>\$ (198,425)</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LEASE ASSIGNMENT

The District assigned its rights under a lease agreement to a third-party for a lease under which a small portion of the District’s land is utilized by a lessor for a communications antenna facility. The District received a lumpsum in exchange for the lease assignment and the third-party will collect future rent payments made by the lessor in accordance with the original lease. The lease assignment agreement commenced in December of 2019 and has a twenty-five-year term. The lumpsum has been recorded as a deferred inflow of resources and will be recognized as revenue on a straight-line basis over the term of the lease assignment agreement. Future revenue recognition under this agreement will be as follows:

Year Ending June 30,		
2021	\$	12,669
2022		12,669
2023		12,669
2024		12,669
2025		12,669
Thereafter		<u>234,386</u>
Total	\$	<u>297,731</u>

NOTE 9 – JOINT VENTURES

The District participates in a joint venture under a joint powers agreement (JPA) with the California Association for Park and Recreation Indemnity (CAPRI). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Audited financial statements are available by contacting CAPRI at 1075 Creekside Ridge Drive, Suite 240, Roseville, California 956278.

CAPRI provides insurance coverages, risk management, safety and loss prevention services to its many member districts through a risk-sharing pool. CAPRI is governed by a 7 member board of directors comprised primarily of representatives of the member districts. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – JOINT VENTURES (Continued)

Condensed audited financial information for CAPRI for the year ended June 30, 2020 is as follows:

Total assets	\$ 26,089,416
Total deferred outflows of resources	<u>206,029</u>
 Total assets and deferred outflows of resources	 <u>\$ 26,295,445</u>
 Total liabilities	 \$ 20,176,368
Total deferred inflows of resources	28,424
Total net position	<u>6,090,653</u>
 Total liabilities, deferred inflows, and net position	 <u>\$ 26,295,445</u>
 Total operating revenues	 \$ 10,554,744
Total operating expenses	(10,533,145)
Total nonoperating income	<u>1,193,706</u>
 Total change in net position	 <u>\$ 1,215,305</u>

NOTE 10 – INTERFUND ACTIVITY AND BALANCES

The interfund due to and due from balances of \$191,170 are the result of a loan from the special revenue fund to general fund for the general fund to acquire capital assets. Interfund transfers for the year ended June 30, 2020, are as follows:

Fund Financial Statements – Transfers:	In	Out
General fund – transfer from special revenue fund for acquiring capital assets	\$ 5,328	\$ -
General fund – transfer from special revenue fund for repairs and maintenance	62,076	-
Special revenue fund – transfer to general fund for acquiring capital assets	-	5,328
Special revenue fund – transfer to general fund for repairs and maintenance	<u>-</u>	<u>62,076</u>
	<u>\$ 67,404</u>	<u>\$ 67,404</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – SUBSEQUENT EVENTS

In December 2020, the District received a donation of approximately 123 acres of land from a private party. The donated land is located in Cherry Valley of Riverside County and at the time of donation held an appraised value of \$8,325,000. The District is currently conducting community outreach and discussions to determine future use of this land. In preparation of these financial statements, the District considered subsequent events through November 3, 2021, which is the date these financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

**BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

**Schedule of Pension Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2020	\$ 112,782	\$ (112,782)	\$ -	\$ 651,836	17.30%
2019	106,605	(106,605)	-	646,139	16.50%
2018	88,096	(88,096)	-	532,139	16.55%
2017	84,684	(84,684)	-	585,148	14.47%
2016	48,798	(48,798)	-	466,221	10.47%
2015	42,396	(42,396)	-	426,566	9.93%

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

**BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

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

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2020	0.01847%	\$ 739,662	\$ 651,836	113.47%	73.93%
2019	0.01813%	683,427	646,139	105.77%	76.23%
2018	0.01788%	704,934	532,139	132.47%	75.88%
2017	0.01764%	612,637	585,148	104.70%	76.29%
2016	0.01670%	458,128	466,221	98.26%	81.57%
2015	Not available	313,776	426,566	73.56%	Not available

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

Notes to the Pension Schedules

Benefit Changes

None

Changes in Assumptions

Amounts reported in fiscal year 2018 reflect a change in the discount rate from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions includes the unamortized portion of this assumption change. Amounts reported in fiscal year 2019 reflect a change in the inflation rate from 2.75% to 2.50%.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Last 10 Years*

	OPEB Liability/(Asset) - June 30,		
	2020	2019	2018
Balance, beginning of year	\$ 128,239	\$ 160,735	\$ 174,642
Changes during the year:			
Service costs	7,484	7,284	7,089
Interest	32,309	30,021	27,858
Employer contributions	(43,567)	(48,677)	(25,557)
Actual investment income	-	(21,365)	(23,494)
Expected investment income	(25,694)	-	-
Administrative expense	72	241	197
Experience (gains)/losses	(210,952)	-	-
Investment gains/(losses)	3,677	-	-
Balance, end of year	<u>\$ (108,432)</u>	<u>\$ 128,239</u>	<u>\$ 160,735</u>
Covered employee payroll	\$ 651,836	\$ 646,139	\$ 532,139
OPEB liability/(asset) as a % of covered payroll	(16.63)%	19.85%	30.21%

* Fiscal year 2018 was the first year of implementation, therefore, not all 10 years of information is available.

Notes to the OPEB Schedule

Benefit Changes

None

Changes in Assumptions

None

OTHER SUPPLEMENTARY INFORMATION – UNAUDITED

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
OTHER SUPPLEMENTARY INFORMATION – UNAUDITED

Officers, Directors, and Senior Management

As of June 30, 2020, the officers, directors, and senior management of the District were as follows:

	<u>Term Expires</u>
Dan Hughes, Chairman	November 2020
John Flores, Vice-Chair/Secretary	November 2020
Chris Diercks, Treasurer	November 2022
Armando De La Cruz, Director	November 2022
Denise Ward, Director	November 2020
Duane Burk, General Manager	N/A

Insurance Coverage

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

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

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

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

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