

**BEAUMONT CHERRY VALLEY RECREATION & PARK DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS**

AGENDA

Thursday, December 6, 2018

390 W. Oak Valley Parkway

Beaumont, CA 92223

www.bcvparks.com

SPECIAL SESSION Special Session to begin at 5:00 p.m. Noble Creek Community Center

Roll Call:

Director De La Cruz _____ Director Ward _____ Treasurer Diercks _____

Vice Chair/Secretary Hughes _____ Chairman Flores _____

Invocation:

Pledge of Allegiance:

Adjustments to Agenda: Government code sec 54954.5(b) (2) provides "upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or if less than two-thirds of the members are present, a unanimous vote of those member present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a) "

Presentations: None

1. PUBLIC COMMENT: Anyone wishing to address the Board on any matter not on the agenda may do so now. All person(s) wishing to speak on an item on the agenda may do so at the time the Board considers that item. All persons wishing to speak must fill out a "Request to Speak Form" and give it to the clerk before the start of the meeting. There is a three (3) minute limit on public comments.

2. DISTRICT CLOSED SESSION - None

3. ACTION ITEMS

3.1 Landmark Agreement for Reassignment of Noble Creek Community Center Cell Tower Lease.

3.2 Approval of Final Reading FY 16/17 Audit

4. NEXT MEETING:

Regular Meeting – Wednesday, December 12, 2018

5. DIRECTORS MATTERS:

6. ADJOURNMENT:

Any person with a disability who requires accommodations in order to participate in the meeting should telephone Janet Covington at 951-845-9555, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation

DECLARATION OF POSTING: I declare under penalty of perjury, that I am employed by Beaumont-Cherry Valley Recreation and Park District and the foregoing agenda was posted at the District office and web site December 3, 2018.

Janet Covington, Human Resources Administrator/Clerk of the Board

Letter of Understanding

BCV LPA - Landmark 11.29.18

Memorandum of Lease Purchase Agreement

No Financing Affidavit

Seller Title Affidavit

Resolution

Closing Statement

Seller Wiring Instructions

W-9

Return FedEx label



LANDMARK
DIVIDEND

P.O. Box 3429
400 Continental Blvd., Ste. 500 – El Segundo, CA
90245
(866) 392-4200 - (310) 294-8160

November 29, 2018

Beaumont-Cherry Valley Recreation and Park Improvement Corporation
390 Oak Valley Pkwy
Beaumont, CA 92223-1475

Dear Seller:

This letter summarizes the understanding we have reached regarding the terms and conditions of closing of the lease purchase transaction contemplated between BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a California nonprofit public benefit corporation (“**Seller**”) and Landmark Infrastructure Holding Company LLC (“**Landmark**”). To be certain this letter accurately reflects our understanding, please review the items below and indicate your understanding and agreement by signing on the signature line below.

The closing of the contemplated transaction and legal effectiveness of the enclosed Lease Purchase Agreement and other transaction documents (collectively, the “**Documents**”) are expressly subject to receipt by Landmark of the following items (the “**Required Items**”):

1. Receipt of the signed original Documents from Seller;
2. Confirmation from Old Republic Title Company that the Deed of Trust in favor of Annie K. Endres Trust dated April 4, 1983 will be removed from Landmark’s title commitment; and
3. Counter signature of the Documents by Landmark.

If the Required Items are not received by Landmark and/or the Required Items are not acceptable to Landmark, in its sole discretion, the Documents shall terminate and be deemed to be null and void.

Sincerely,

Landmark Infrastructure Holding Company LLC

By: Daniel Parsons

Name: Daniel Parsons

Its: Authorized Signatory

SELLER:

I acknowledge and agree to the terms and conditions set forth above.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

By: _____
Name: John Flores
Its: Chief Executive Officer /
Chairman

Date: _____

LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (this "Agreement") dated _____ 20__ (the "Effective Date") is by and between **BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION**, a California nonprofit public benefit corporation who erroneously took title as **BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT**, a public entity of the State of California ("Landlord") and **LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC**, a Delaware limited liability company ("Landmark");

RECITALS

WHEREAS, Landlord owns certain real property located at 390 Oak Valley Pkwy, in the County of Riverside, State of California, as more fully described in the legal description attached hereto as Exhibit A (the "Property"); and

WHEREAS, Landlord leases a portion of the Property, more particularly described in Exhibit B attached hereto ("Leased Premises") to _____ (the "Tenant"), pursuant to a lease dated _____ attached hereto as Exhibit C (as amended, the "Lease"); and

WHEREAS, Pursuant to this Agreement and a Memorandum of Lease Purchase Agreement (the "Memorandum") to be executed in counterpart concurrently with this Agreement, commencing upon the Effective Date and terminating on _____ (the "Termination Date"), Landlord hereby sells, transfers and assigns to Landmark and Landmark hereby purchases all of Landlord's right, title and interest in and to the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the Parties contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree that the foregoing recitals are true and correct and incorporated herein by this reference, and further agree as follows:

1. PURCHASE PRICE. On the Effective Date, Landmark shall pay to Landlord a one-time, lump-sum payment in an amount equal to three hundred thirty-eight thousand four hundred dollars (\$338,400.00) (the "Purchase Price"). In the event that Tenant pays to Landlord any fees other than base rent and any escalations thereto including, but not limited to, utility service, common area maintenance, or access fees, such fees shall continue to be paid by Tenant to Landlord, although Landmark may collect and distribute such fees to Landlord. Notwithstanding Landmark's right, title, and interest to the rental payments pursuant to this Agreement, during the Term, Landlord is under no obligation to enforce Tenant's obligation to make rental payments or cure any default relating to the non-payment of rent pursuant to the Lease.

2. TERM. The assignment shall be for a term of twenty-five (25) years (the "Term"), commencing upon the Effective Date and terminating on the Termination Date. This Agreement shall automatically terminate on the Termination Date. Landmark shall assign the Lease or any existing lease to Landlord on the Termination Date. During the Term, Landlord grants to Landmark the right to terminate or extend the term of the Lease pursuant to the terms and conditions of the Lease provided, however, Landmark may not extend the Term of the Lease beyond the Term of this Agreement without the prior written consent of Landlord. Landlord may not terminate this Agreement during the Term, except in the event Landmark abandons the Leased Premises for a period of three (3) continuous years. Landmark shall surrender the Leased Premises on the Termination Date or any earlier termination date, free and clear of any liens or encumbrances.

3. LEASE OBLIGATIONS. Landlord shall retain and continue to faithfully perform and discharge any and all of Landlord's obligations as lessor under the Lease specifically related to fee ownership. Notwithstanding the foregoing and in addition to any obligation of Landmark herein, Landmark shall assume and faithfully perform and discharge any and all obligations as assignee of a leasehold interest under the Lease for the Term including, but not limited to, the following obligations:

- a. **Rental Documentation.** Within 15 days of the Effective Date of this Agreement, Landmark shall provide Tenant with Rental Documentation as defined and in the manner set forth in Section 4(e) of the Lease.
- b. **Notices.** Landmark shall provide Landlord a copy of all notices given to and received from Tenant within two (2) days of dispatch or receipt.
- c. **Cooperation.** Landmark agrees to cooperate fully with Landlord, at all times, in abiding by all reasonable rules, regulations, requests, and requirements which Landlord may prescribe for the proper operation and maintenance of the Leased Premises including, but not limited to, cooperating with Landlord and Tenant in any governmental proceeding or tax matter in which Landmark's assistance is necessary or desirable for Landlord or any facility construction, maintenance, modification, or repair.

- d. **Compliance with Applicable Laws.** Landmark shall comply, and ensure that its contractors and representatives will comply with all applicable federal, state, and local laws, ordinances, rules and regulations, including health, safety, and environmental requirements, pertaining to the construction, installation, operation, and maintenance of the Leased Premises during the Term.

4. **REPLACEMENT LEASE.** Commencing upon the expiration or termination of the Lease (including without limitation, a termination resulting from a default or breach by Tenant, removal mandated by a governmental authority, or rejection of the Lease in bankruptcy) and ending upon the Termination Date ("**Early Lease Termination**"), Landlord shall, and hereby does irrevocably lease the Leased Premises to Landmark (the "**Replacement Lease**") on terms consistent with those set forth in the Lease, provided however, that Landlord shall not be entitled to receive Rent or any other additional consideration pursuant to the Replacement Lease, it being agreed that the Purchase Price constitutes good, valuable and sufficient consideration for the Replacement Lease. In the event of an Early Lease Termination, Landmark shall cause the Tenant to comply with the removal procedures described in Section 17 ("**Removal at End of Term**") of the Lease. Thereafter, Landmark may sublease or license, all or a portion of the Leased Premises to a replacement tenant (the "**Replacement Sublease**") on terms consistent with the Lease including, but not limited to, indemnification of Landlord for damages to the Property, compliance with applicable laws, installation of equipment that will not cause harmful interference, and including Landlord as an additional insured. Landmark shall not be permitted to enter into a Replacement Sublease which increases any of Landlord's obligations or decreases any of Landlord's rights thereunder or otherwise adversely affects the Property or Leased Premises. Further, Landmark shall not be permitted to enter into a Replacement Sublease which broadens the scope of the permitted uses of the Leased Premises allowed under the Lease. Landmark shall provide notice and copies of the Replacement Sublease to Landlord prior to commencement of same. Notwithstanding the foregoing, in no event shall Landmark be permitted to enter into a Replacement Sublease which extends beyond the Term of this Agreement without the express, written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

5. **NEW CARRIER REVENUE SPLIT.** If a new carrier leases additional space outside of the Leased Premises but within the Property as a result of Landmark's marketing efforts during the Term, Landmark and Landlord agree to share rent from the new carrier lease, to be apportioned as 75/25 (75% to Landlord), for the duration of the Term (the "**Revenue Split**"). The Revenue Split shall terminate upon the expiration or termination of this Agreement. The parties shall enter into a mutually agreeable purchase agreement separate from this Agreement for such additional space outside of the Leased Premises. Notwithstanding the foregoing, Landlord is: (1) not obligated to enter into any agreement with new carriers initiated through Landmark and (2) not obligated to share rent for new carrier agreements initiated directly by Landlord.

6. **LANDLORD ESTOPPEL.** The Landlord certifies: (a) the Lease is presently in full force and effect and unmodified, and Landmark has been provided with a full and complete copy thereof; (b) any improvements to be made by the Tenant have been completed to the satisfaction of the undersigned and any and all other special conditions to be performed by the Tenant pursuant to the Lease have been performed and satisfied; (c) the Tenant's obligations to pay rent have commenced in full and the Tenant is currently paying the scheduled rent set forth in the Lease; (d) except as set forth in the Lease, no rents have been paid more than thirty (30) days in advance of their due dates; and (e) to the best of Landlord's knowledge, the Tenant is not in default under the Lease as of the Effective Date and has no claim of setoff under the Lease or otherwise against rents or other charges due or to become due thereunder.

7. **REPRESENTATIONS OF LANDLORD.** Landlord represents and warrants to Landmark, as of the date hereof, that: (a) The execution, delivery and performance by Landlord of this Agreement does not and will not violate any agreement to which Landlord is a party including mortgages and deeds of trust, or violate or, to the best of Landlord's knowledge, conflict with any law, rule, regulation, judgment, order or decree to which Landlord is subject; (b) Landlord has not previously deeded, granted, assigned, mortgaged, pledged, hypothecated, alienated or otherwise transferred any of its right, title and interest in and to the Lease to any other person; (c) to the best of Landlord's knowledge, Landlord has not breached or defaulted on any Landlord's obligations under the Lease, and Tenant has not breached or defaulted any of Tenant's obligations under the Lease; (d) at no time prior to the date hereof has Landlord delivered or received notice of a breach or default by either Landlord or Tenant under the Lease or notice of any fact, condition or circumstance which would constitute a breach or default by either Landlord or Tenant under the Lease; (e) neither Tenant, nor its agents or contractors has notified Landlord of any intention or desire to terminate the Lease or surrender or abandon the Lease. Landlord will forward any rent payments received from Tenant (excluding the rental amounts withheld from the disbursement and reflected on the Settlement Statement at Closing), to Landmark within 5 business days of receipt thereof. All representations and covenants by Landlord contained herein or made in writing pursuant to this Agreement are intended to and shall remain true and correct as of the time of closing, shall be deemed to be material, and shall survive the execution, commencement and delivery of this Agreement and the Memorandum (the form of which is attached hereto as **Exhibit D**), and recordation thereof.

8. REPRESENTATIONS OF LANDMARK. Landmark represents and warrants to Landlord, as of the date hereof, that: (a) this Agreement and all other documents executed by Landmark constitute the legal, valid and binding obligation of Landmark, enforceable against Landmark in accordance with their terms; (b) Landmark is a validly existing limited liability company and the signatory of this document has the authority to do so under the documents forming the existence of the limited liability company. The execution, delivery and performance by Landmark of this Agreement does not and will not violate or conflict with any provision of Landmark's organizational documents or of any agreement to which Landmark is a party or conflict with any law, rule, regulation, judgment, order or decree to which Landmark is subject.

9. INDEMNIFICATION. Landmark shall indemnify, defend and hold Landlord and its employees, agents, or contractors harmless from any claim, liability, damage, cost or expense (including attorney fees) which Landlord may suffer, incur or expend arising out of or related to any obligation or liability of Landmark under this Agreement or the Lease including, but not limited to, damage to the Property caused by Landmark or challenges to Landmark's Lease buyout pursuant to this Agreement, accruing on or after the Effective Date. Landlord shall indemnify and hold harmless Landmark against any and all claims, damages, costs and expenses (including attorney fees) caused by or arising out of the gross negligence or willful misconduct in the operations or activities on the Property by Landlord or its employees, agents, or contractors.

10. FURTHER ASSIGNMENT. Upon the Effective Date and with written notice to Landlord, Landmark may pledge, assign, mortgage, grant a security interest, or otherwise encumber its interest in and to this Agreement and the Lease provided, however, Landmark shall comply with Sections 20 ("Rights Upon Sale") and 28 ("Subordination and Non-Disturbance") of the Lease. This Agreement and the Lease may be assigned to secured parties, successors-in-interest, acquiring entities or individuals, and any other party to whom Landmark may be required to provide collateral or demonstrate credit-worthiness.

11. DEFAULT. It shall be an "Event of Default" if either Landlord or Landmark fails to observe or perform any of the terms, conditions or its respective obligations set forth in this Agreement. Upon receiving written notice of such a default or breach of this Agreement, the defaulting party shall have sixty (60) days to cure such default. In the event that the defaulting party fails to cure such default within the cure period, the non-defaulting party shall be entitled to exercise any rights permitted by applicable law.

12. NOTICES. All notices, requests, demands and other communications hereunder shall be delivered by Certified Mail Return Receipt Requested, and/or a nationally recognized Overnight courier. Notice shall be deemed accepted upon proof of delivery. Notices shall be delivered to **Landlord:** 390 Oak Valley Pkwy, Beaumont, CA 92223-1475 and to **Landmark:** c/o Landmark Dividend LLC, P.O. Box 3429, 2141 Rosecrans Ave, Ste. 2100, El Segundo, CA 90245.

13. MISCELLANEOUS.

- a. **Governing Law; Severability.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any and all legal actions sought to enforce the terms and provisions of the Agreement shall be brought in the courts of the County of Riverside. In the event that any provision of this Agreement is found to be invalid, illegal or unenforceable in any respect, by a court of competent jurisdiction, such provision shall only be ineffective to the extent of such invalidity, illegality or unenforceability. The remaining provisions of this Agreement shall remain in full force and effect.
- b. **Amendments, Etc.** This Agreement may not be amended or modified unless in writing signed by the parties and consented to by any of Landmark's lender. No act or failure to act shall be deemed to constitute an amendment, modification or termination hereof. This Agreement may be executed in counterparts each of which, when taken together, shall constitute a single agreement.
- c. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and successors and assigns of the parties to this Agreement. This Agreement shall run with the land upon which the Leased Premises are located.
- d. **Recording and Memorandum.** Landlord and Landmark shall, on or after the Effective Date, acknowledge, execute and record the exchange of rights created under this Agreement in the Form Memorandum attached as Exhibit D. Landmark's interest in this Agreement and the Lease is intended to be, and shall be, an interest in real property.
- e. **Attorneys' Fees.** In any action or proceeding brought to enforce any provision of this Agreement, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs, whether through arbitration or a court of competent jurisdiction. All damages or other sums payable by one party to another hereunder shall bear interest from the date incurred or payable until paid at a rate equal to the greater of (a) ten percent (10%) per annum or (b) the highest rate permitted by applicable law.
- f. **Further Assurances.** Landlord and Landmark hereby agree that Landmark shall, at any time and from time to time, in its reasonable discretion, require the Landlord to execute such documents or instruments and take such further actions

as may be reasonably required or desirable to carry out the provisions hereof and consummate the transactions contemplated in this Agreement. The covenant contained in this clause shall survive the execution, delivery and recordation of the Memorandum contemplated hereby.

- g. **Remedies.** The parties understand and agree that the assignment of the Lease is unique and for that reason, among others, Landmark will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Landlord, Landmark shall have, in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement. Notwithstanding the foregoing, neither party shall be liable to the other for consequential, special, indirect, speculative or punitive damages.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have caused this Agreement to be duly executed as of the date first written above.

LANDLORD:

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a California nonprofit public benefit corporation

By: _____
Name: John Flores
Title: Chief Executive Officer / Chairman

LANDMARK:

LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC, a Delaware limited liability company

By: _____
Name: _____
Title: Authorized Signatory
Date: _____

EXHIBIT A

SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 33; THENCE SOUTH 89° 52' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 33, A DISTANCE OF 747.30 FEET TO THE TRUE POINT OF BEGINNING THENCE CONTINUING SOUTH 89° 52' 06" WEST ALONG SAID SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, A DISTANCE OF 1884.93 FEET TO THE SOUTH QUARTER SECTION CORNER OF SAID SECTION 33; THENCE SOUTH 89° 53' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 33, A DISTANCE OF 322.29 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY PROLONGATION OF THE CENTERLINE OF PARCEL 5020-4, AS SHOWN BY MAP ON FILE IN BOOK 51, PAGES 88 THROUGH 98, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA; THENCE NORTH 300° 00' 10" EAST ALONG SAID SOUTHWESTERLY PROLONGATION AND ALONG SAID CENTERLINE, A DISTANCE OF 2107.67 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID CENTERLINE, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 3000.00 FEET; THENCE NORTHEASTERLY ALONG SAID CENTERLINE AND ALONG SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 050° 01' 05", AN ARC DISTANCE OF 262.74 FEET TO THE END THEREOF; THENCE NORTH 350° 01' 15" EAST ALONG SAID CENTERLINE, A DISTANCE OF 465.00 FEET TO A POINT THEREIN; THENCE SOUTH 17° 05' 59" EAST, A DISTANCE OF 2534.61 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 55.00 FEET THEREOF INCLUDED IN FOURTEENTH STREET, THE NORTHERLY LINE OF SAID SOUTH 55.00 FEET BEING THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED OCTOBER 17, 1967 AS INSTRUMENT NO. 91452 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

TAX ID NO: 400-250-007-4

BEING THE SAME PROPERTY CONVEYED BY DEED

GRANTOR: OSCAR STEIN

GRANTEE: BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

RECORDED: 12/10/1974

DOC#/BOOK-PAGE: 156561

ADDRESS: 390 OAK VALLEY PKWY, BEAUMONT, CA 92223

EXHIBIT B

LEASED PREMISES

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT MONUMENT IN HANDHOLE FOUND AT THE SOUTHEAST CORNER OF SAID SECTION 33;

THENCE SOUTH 89° 52' 06" WEST, ALONG THE SOUTHERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 33, A DISTANCE OF 915.13 FEET TO A POINT;

THENCE NORTH 00° 07' 54" WEST, LEAVING SAID SOUTHERLY SECTION LINE, A DISTANCE OF 216.62 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 89° 35' 00" WEST, A DISTANCE OF 30.00 FEET TO A POINT;

THENCE NORTH 00° 25' 00" WEST, A DISTANCE OF 30.00 FEET TO A POINT;

THENCE NORTH 89° 35' 00" EAST, A DISTANCE OF 30.00 FEET TO A POINT;

THENCE SOUTH 00° 25' 00" EAST, A DISTANCE OF 30.00 FEET TO THE TRUE POINT OF BEGINNING AND CONTAINING 0.021 ACRES (900 SQUARE FEET) OF LAND MORE OR LESS.

TOGETHER WITH AND RESERVING A NON-EXCLUSIVE RIGHT OF USE ACROSS LESSOR'S PROPERTY FOR INGRESS, EGRESS, PARKING, VEHICULAR MANEUVERING, EQUIPMENT AND UTILITIES IN ORDER TO CONSTRUCT, INSTALL, OPERATE, MAINTAIN OR REMOVE ANY RADIO COMMUNICATION FACILITY AND EQUIPMENT.

EXHIBIT C

LEASE

See Attached

FORM EXHIBIT ONLY – NOT FOR EXECUTION

EXHIBIT D

FORM OF MEMORANDUM OF LEASE PURCHASE AGREEMENT

THIS MEMORANDUM OF LEASE PURCHASE AGREEMENT (the "Memorandum") is made as of _____, between **BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION**, a California nonprofit public benefit corporation who erroneously took title as **BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT** ("Landlord"), a public entity of the State of California, and **LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC**, a Delaware limited liability company ("Landmark").

WHEREAS, Landlord, as lessor, and Los Angeles SMSA Limited Partnership, d/b/a Verizon Wireless, as lessee ("Tenant"), are parties to that certain lease dated as of October 19, 2015 (as amended, the "Lease") and more particularly described on Exhibit B attached hereto, with respect to the premises described on Exhibit A attached hereto (the "Leased Premises"); and

WHEREAS, Landlord and Landmark are parties to a Lease Purchase Agreement dated on or about the date hereof (the "Agreement"), pursuant to which Landlord has, among other things, assigned to Landmark its right, title and interest in and to the Lease. The parties hereto desire to execute this Memorandum to provide constructive notice of the existence of the Lease and the Agreement, and of Landmark's rights under the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto acknowledge and agree as follows:

1. Subject to the terms and conditions set forth in the Agreement, Landlord has assigned all of its right, title and interest in and to the Lease and the Leased Premises for a term of twenty-five (25) years commencing on December __, 2018 (the "Effective Date") and terminating December __, 2043 (the "Termination Date"). Landlord shall retain certain obligations and liabilities of lessor under the Lease. The Lease expires by its terms on May 31, 2041.
2. Subject to the terms and conditions set forth in the Agreement, commencing upon the termination or expiration of the Lease and extending until the Termination Date, Landlord hereby leases the Leased Premises to Landmark (the "Replacement Lease").
3. This Memorandum is solely for the purpose of providing constructive notice of the Agreement. In the event of a conflict between the terms of the Agreement and this Memorandum, the terms of the Agreement shall control. This Memorandum has been duly executed by the undersigned as of the Effective Date.

{Signatures appear on following pages.}

LANDLORD:

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a California nonprofit public benefit corporation

By: _____
Name: John Flores
Title: Chief Executive Officer / Chairman

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 201____, before me, _____, a Notary Public in and for said County and State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official Seal.

Notary Public
My Commission Expires: _____

[SEAL]

LANDMARK:

LANDMARK INFRASTRUCTURE
HOLDING COMPANY LLC, a Delaware
limited liability Company

By: _____

Name: _____

Title: Authorized Signatory

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On _____ before me, _____ (here insert name and title of officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 33; THENCE SOUTH 89° 52' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 33, A DISTANCE OF 747.30 FEET TO THE TRUE POINT OF BEGINNING THENCE CONTINUING SOUTH 89° 52' 06" WEST ALONG SAID SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, A DISTANCE OF 1884.93 FEET TO THE SOUTH QUARTER SECTION CORNER OF SAID SECTION 33; THENCE SOUTH 89° 53' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 33, A DISTANCE OF 322.29 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY PROLONGATION OF THE CENTERLINE OF PARCEL 5020-4, AS SHOWN BY MAP ON FILE IN BOOK 51, PAGES 88 THROUGH 98, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA; THENCE NORTH 300° 00' 10" EAST ALONG SAID SOUTHWESTERLY PROLONGATION AND ALONG SAID CENTERLINE, A DISTANCE OF 2107.67 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID CENTERLINE, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 3000.00 FEET; THENCE NORTHEASTERLY ALONG SAID CENTERLINE AND ALONG SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 050° 01' 05", AN ARC DISTANCE OF 262.74 FEET TO THE END THEREOF; THENCE NORTH 350° 01' 15" EAST ALONG SAID CENTERLINE, A DISTANCE OF 465.00 FEET TO A POINT THEREIN; THENCE SOUTH 17° 05' 59" EAST, A DISTANCE OF 2534.61 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 55.00 FEET THEREOF INCLUDED IN FOURTEENTH STREET, THE NORTHERLY LINE OF SAID SOUTH 55.00 FEET BEING THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED OCTOBER 17, 1967 AS INSTRUMENT NO. 91452 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

TAX ID NO: 400-250-007-4

BEING THE SAME PROPERTY CONVEYED BY DEED

GRANTOR: OSCAR STEIN

GRANTEE: BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

RECORDED: 12/10/1974

DOC#/BOOK-PAGE: 156561

ADDRESS: 390 OAK VALLEY PKWY, BEAUMONT, CA 92223

EXHIBIT B

LEASE DESCRIPTION

That certain unrecorded Land Lease Agreement dated October 19, 2015, by and between Beaumont-Cherry Valley Recreation and Park Improvement Corporation, a California nonprofit corporation who erroneously took title as Beaumont-Cherry Valley Recreation and Park District (“Landlord”) and Los Angeles SMSA Limited Partnership, d/b/a Verizon Wireless (“Tenant”), for the property located at 390 Oak Valley Pkwy., Beaumont, CA 92223.

MEMORANDUM OF LEASE PURCHASE AGREEMENT

PIN: 400-250-007

STATE OF: CALIFORNIA
COUNTY OF: RIVERSIDE

Document Date: _____

GRANTOR: BEAUMONT-CHERRY VALLEY RECREATION AND PARK
IMPROVEMENT CORPORATION, A CALIFORNIA NONPROFIT
PUBLIC BENEFIT CORPORATION
Address: 390 Oak Valley Pkwy
Beaumont, CA 92223-1475

GRANTEE: LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC
Address: P.O. Box 3429
400 Continental Blvd., Ste. 500
El Segundo, CA 90245

Legal Description: Attached as Exhibit A.

Prepared by:
Landmark Dividend LLC
P.O. Box 3429
400 Continental Blvd., Ste. 500
El Segundo, CA 90245
TC187226

Return after recording to:
Old Republic National Title Ins. Co.
530 S Main St Ste 1031
Akron, Akron 44311-1002
Order No: 01-18052379

FORM OF MEMORANDUM OF LEASE PURCHASE AGREEMENT

THIS MEMORANDUM OF LEASE PURCHASE AGREEMENT (the "Memorandum") is made as of _____, between **BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION**, a California nonprofit public benefit corporation who erroneously took title as **BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT** ("Landlord"), a public entity of the State of California, and **LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC**, a Delaware limited liability company ("Landmark").

WHEREAS, Landlord, as lessor, and Los Angeles SMSA Limited Partnership, d/b/a Verizon Wireless, as lessee ("Tenant"), are parties to that certain lease dated as of October 19, 2015 (as amended, the "Lease") and more particularly described on Exhibit B attached hereto, with respect to the premises described on Exhibit A attached hereto (the "Leased Premises"); and

WHEREAS, Landlord and Landmark are parties to a Lease Purchase Agreement dated on or about the date hereof (the "Agreement"), pursuant to which Landlord has, among other things, assigned to Landmark its right, title and interest in and to the Lease. The parties hereto desire to execute this Memorandum to provide constructive notice of the existence of the Lease and the Agreement, and of Landmark's rights under the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto acknowledge and agree as follows:

1. Subject to the terms and conditions set forth in the Agreement, Landlord has assigned all of its right, title and interest in and to the Lease and the Leased Premises for a term of twenty-five (25) years commencing on December __, 2018 (the "Effective Date") and terminating December __, 2043 (the "Termination Date"). Landlord shall retain certain obligations and liabilities of lessor under the Lease. The Lease expires by its terms on May 31, 2041.
2. Subject to the terms and conditions set forth in the Agreement, commencing upon the termination or expiration of the Lease and extending until the Termination Date, Landlord hereby leases the Leased Premises to Landmark (the "Replacement Lease").
3. This Memorandum is solely for the purpose of providing constructive notice of the Agreement. In the event of a conflict between the terms of the Agreement and this Memorandum, the terms of the Agreement shall control. This Memorandum has been duly executed by the undersigned as of the Effective Date.

{Signatures appear on following pages.}

LANDMARK:

LANDMARK INFRASTRUCTURE
HOLDING COMPANY LLC, a Delaware
limited liability Company

By: _____

Name: _____

Title: Authorized Signatory

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On _____ before me, _____ (here insert name and title of officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 33; THENCE SOUTH 89° 52' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 33, A DISTANCE OF 747.30 FEET TO THE TRUE POINT OF BEGINNING THENCE CONTINUING SOUTH 89° 52' 06" WEST ALONG SAID SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, A DISTANCE OF 1884.93 FEET TO THE SOUTH QUARTER SECTION CORNER OF SAID SECTION 33; THENCE SOUTH 89° 53' 06" WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 33, A DISTANCE OF 322.29 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY PROLONGATION OF THE CENTERLINE OF PARCEL 5020-4, AS SHOWN BY MAP ON FILE IN BOOK 51, PAGES 88 THROUGH 98, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA; THENCE NORTH 300 00° 10" EAST ALONG SAID SOUTHWESTERLY PROLONGATION AND ALONG SAID CENTERLINE, A DISTANCE OF 2107.67 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID CENTERLINE, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 3000.00 FEET; THENCE NORTHEASTERLY ALONG SAID CENTERLINE AND ALONG SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 050 01' 05", AN ARC DISTANCE OF 262.74 FEET TO THE END THEREOF; THENCE NORTH 350 01' 15" EAST ALONG SAID CENTERLINE, A DISTANCE OF 465.00 FEET TO A POINT THEREIN; THENCE SOUTH 17° 05' 59" EAST, A DISTANCE OF 2534.61 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 55.00 FEET THEREOF INCLUDED IN FOURTEENTH STREET, THE NORTHERLY LINE OF SAID SOUTH 55.00 FEET BEING THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED OCTOBER 17, 1967 AS INSTRUMENT NO. 91452 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

TAX ID NO: 400-250-007-4

BEING THE SAME PROPERTY CONVEYED BY DEED

GRANTOR: OSCAR STEIN

GRANTEE: BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

RECORDED: 12/10/1974

DOC#/BOOK-PAGE: 156561

ADDRESS: 390 OAK VALLEY PKWY, BEAUMONT, CA 92223

EXHIBIT B

LEASE DESCRIPTION

That certain unrecorded Land Lease Agreement dated October 19, 2015, by and between Beaumont-Cherry Valley Recreation and Park Improvement Corporation, a California nonprofit corporation who erroneously took title as Beaumont-Cherry Valley Recreation and Park District ("Landlord") and Los Angeles SMSA Limited Partnership, d/b/a Verizon Wireless ("Tenant"), for the property located at 390 Oak Valley Pkwy., Beaumont, CA 92223.

NO FINANCING AFFIDAVIT

To: Old Republic National Title Insurance Company

I/we, **BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION**, a California nonprofit public benefit corporation, the owner(s) of property known as 390 Oak Valley Pkwy., Beaumont, CA 92223 ("the Property"), more particularly described in Commitment No. 01-18052379, do hereby state to the best of my/our knowledge:

1. I/we acknowledge that no recorded deed of trust or mortgage was found affecting the Property in a search of the land records in the county/city where the Property is located, or that if found they have all been paid in full, except as shown on exhibit attached hereto;
2. The Property is owned by me/us free and clear of liens, other than the lien of real estate taxes except as shown on exhibit attached hereto;
3. There are no recorded or unrecorded deed(s) of trust, personal notes and/or obligations created or assumed by me/us and intended by the mortgagee, lender or noteholder to be paid prior to sale or refinance of the Property, except as shown on exhibit attached hereto;
4. I/we have not pledged the Property as security for the repayment of any personal or business loans, except as shown on exhibit attached hereto.
5. That certain Deed of Trust dated April 4, 1983 between Beaumont-Cherry Valley Recreation and Park District and Annie K. Endres recorded on April 29, 1983 at instrument no. 82199 and further assigned to Annie K. Endres, Trustee of the Annie K. Endres. via Assignment recorded April 27, 1989 at instrument no. 135450, has been paid in full.

This affidavit is made for the purpose of inducing Old Republic National Title Insurance Company (the "Company") to issue its policy or policies of title insurance as to the Property and is given with full knowledge that the Company will rely upon the accuracy of statements made herein. The undersigned further states that he/she is familiar with the nature of an oath and with the penalties provided by the laws of the state for which he/she is located for falsely swearing to statements made in an instrument of this nature.

The undersigned further certifies that he/she has read and understands the full facts of this Affidavit.

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a California nonprofit public benefit corporation

By: _____
Name: John Flores
Title: Chief Executive Officer / Chairman

(11/21/13)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State/Commonwealth of _____,
County/City of _____, to-wit:

I, the undersigned, a notary public in and for the jurisdiction aforesaid, do hereby certify that _____, who is known to me or who has produced _____ as satisfactory identification, appeared before me on the _____ day of _____, 20____, and acknowledged the foregoing instrument.

Given under my hand this _____ day of _____, 20__.

Notary Public/ID #

My commission expires _____

EXHIBIT A

DEED OF TRUST TO SECURE AN INDEBTEDNESS OF THE AMOUNT STATED BELOW AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF:

AMOUNT: \$80,000.00

TRUSTOR: BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT

TRUSTEE: FIRST AMERICAN TITLE INSURANCE COMPANY

BENEFICIARY: ANNIE K. ENDRES

DATED: 04/04/1983

RECORDED: 04/29/1983

DOC#/BOOK-PAGE: 82199

NOTE: ASSIGNMENT OF DEED OF TRUST FROM ANNIE K. ENDRES, ASSIGNOR, TO ANNIE K. ENDRES, TRUSTEE OF THE ANNIE K. ENDRES TRUST AGREEMENT DATED APRIL 1, 1989, ASSIGNEE, RECORDED 04/27/1989, AS DOCUMENT NO. 135450, OF THE RIVERSIDE COUNTY RECORDS.

**ACTION OF THE BOARD OF DIRECTORS
CORPORATE RESOLUTION**

_____, 2018 ("Effective Date")

The undersigned, being a majority of the Directors of Beaumont-Cherry Valley Recreation and Improvement Corporation, a California nonprofit corporation (the "Corporation"), do hereby consent to the taking of the following actions and does hereby adopt the following resolutions by written consent pursuant applicable state law and the Bylaws of the Corporation:

WHEREAS: the Corporation, which has entered into that certain Lease Purchase Agreement, with attachments, dated on or about the date hereof, and ancillary documents relating thereto (the "Transaction Documents") with Landmark Dividend LLC and LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC (collectively "Landmark").

1. NOW, THEREFORE, BE IT RESOLVED THAT, the Corporation authorizes:

Name:	Title:
-------	--------

1. John Flores Chief Executive Officer / Chairman

in his capacity listed above ("Authorized Signatory"), on behalf of the Corporation in accordance with the Bylaws of the Corporation and under the authority of the Board of Directors of the Corporation, to execute the Transaction Documents, any and all agreements on behalf of and bind the Corporation relating to transactions contemplated in the Transaction Documents, without any further approvals or authorizations from the undersigned; and

2. BE IT FURTHER RESOLVED, the Corporation hereby certifies that a true and correct copy of the Corporation's Bylaws, with any and all amendments, is attached hereto as Exhibit "A"; and
3. BE IT FURTHER RESOLVED, Authorized Signatory is authorized and instructed, acting alone without any further approvals or authorizations from the undersigned, to negotiate with Landmark, and to execute and deliver to Landmark, any and all purchase and sale agreements, easements, assignments, consents, settlement statements, certificates and any and all other documents of any type or nature that may be required by Landmark in connection with the transaction contemplated in the Transaction Documents; and
4. BE IT FURTHER RESOLVED, the authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the passage of this resolution are hereby approved and ratified, and irrevocable (except as provided below); and
5. BE IT FURTHER RESOLVED, the Corporation hereby acknowledges that Landmark and Old Republic National Title Insurance Company shall be entitled to rely on the resolutions set forth herein, and a material consideration of Landmark entering into the Transaction Documents. The authority hereby conferred is in addition to that conferred by any other resolution heretofore or hereafter delivered to Landmark.

IN WITNESS WHEREOF, the undersigned have executed this Action on _____, 2018.

_____, Director

_____, Director

_____, Director

_____, Director

_____, Director

EXHIBIT A
COPY OF BYLAWS
[Attached hereto]



CLOSING STATEMENT

TC187226

GRANTEE: LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC
P.O. Box 3429
El Segundo, CA 90245

GRANTOR: Beaumont-Cherry Valley Recreation and Park Improvement Corporation
390 Oak Valley Pkwy
Beaumont, CA 92223-1475

Closing Date: Dec 10, 2018

Purchase Price:

Verizon/TC187226	\$338,400.00
Total Purchase Price	\$338,400.00

Rent Proration and Withholding:

- Verizon Proration from 12/11/2018 to 12/31/2018 for 21 days @ \$71.8674 per day - TC187226	(\$1,509.22)
- Two Months rent to be sent to you by Verizon for the month of January 2019 to February 2019 @ \$2,227.89 per month - TC187226	(\$4,455.78)

Disbursements on Grantor's behalf:

- Less Riverside County, CA Lease Assignment Conveyance Fee/Transfer Tax (exempt for Lease Assignments under thirty-five years)	N/A
- Less broker fee payment to Aries Advisors, LLC	(\$16,920.00)
Amount to be wired to Grantor	\$315,515.00

By signing this Closing Statement, the Grantor agrees that this is a true and accurate statement of all information contained herein, which includes, but is not limited to: lease information, banking information, purchase price, rent prorations and withholdings and all other disbursements. Grantor further acknowledges and agrees that the information contained herein is subject to change based on the actual Closing Date.



LANDMARK
DIVIDEND

GRANTOR:

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a California nonprofit public benefit corporation

By: _____

Name: John Flores

Title: Chief Executive Officer / Chairman

GRANTEE:

LANDMARK INFRASTRUCTURE HOLDING COMPANY LLC

By: _____

Name: _____

Its: Authorized Signatory

Date: _____



LANDMARK
DIVIDEND

SELLER WIRING INSTRUCTIONS

Seller Name: **BEAUMONT-CHERRY VALLEY RECREATION AND PARK
IMPROVEMENT CORPORATION, a California nonprofit public
benefit corporation**

Address: **390 Oak Valley Pkwy, Beaumont, CA, 92223-1475**

Transaction #: **4993**

Bank Account Name: _____

Name of Financial Institution: _____

Address of Financial Institution: _____

ABA Routing Number: _____

____ - ____ - ____ - ____ - ____ - ____ - ____ - ____ - ____ (9 digit number)

Account Number: _____

BEAUMONT-CHERRY VALLEY RECREATION AND PARK IMPROVEMENT CORPORATION, a
California nonprofit public benefit corporation

By: _____

Date: _____

Name: John Flores

Its: Chief Executive Officer / Chairman

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number	
[] [] [] - [] [] - [] [] [] []	
or	
Employer identification number	
[] [] - [] [] [] [] [] [] [] []	

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here

Signature of U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.

You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor [*]

For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

***Note:** The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



Staff Report

Agenda Item No. **3.2**

To: Board of Directors
From: Nancy Law, Business Services Coordinator
Via: Duane Burk, General Manager
Date: November 14, 2018
Subject: Approval of Final Reading 16/17 Audit

Background and Analysis:

Government Code Section 200.49 Generally Accepted Accounting Principles (GAAP) specific accounting standards issued by the Government Accounting Standards Board (GASB) the Financial Accounting Standards Board (FASB) these standards requires that the District have and annual audit.

On September 13, 2017 the Board accepted the audit proposal from Singer Lewak and performed the annual audit for FY 2016-2017 ending June 30th, 2017. From that review they sent our current "Draft" audit for FY 2016-2017 for your review.

The draft audit document will show an audited version of revenues, expenses, assets and beginning and ending balances for FY 2016-2017.

On Thursday November 8, 2018 the draft audit was reviewed by the Finance Committee, Chairman, John Flores, Treasurer, Chris Diercks, General Manager, Duane Burk and Financial Services Technician/Office Manager, Nancy Law with no further questions

On Wednesday, November 14, 2018 the Board of Directors approved the 2nd reading of the Audit draft.

Fiscal Impact:

District Budgeted Audit cost of \$10,626.00 for FY 16-17. However additional expenses were accrued due to new audited standards, an additional cost is expected to exceed \$10,000.00.

Recommendations:

Staff recommends that the Board review, comment and approve the 16/17 Audit (Report to the Board, Report on Internal Control and Financial Statement,) ending June 30, 2017.

Respectfully Submitted,

Nancy Law

Nancy Law
Financial Services Technician/Office Manager

Beaumont-Cherry Valley Recreation and Park District

Report to the Board of Directors

November 15, 2018



November 15, 2018

Board of Directors
Beaumont-Cherry Valley Recreation and Park District
Beaumont, California

We are pleased to present this report related to our audit of the financial statements of Beaumont-Cherry Valley Recreation and Park District (the "District") as of and for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated August 17, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>Our arrangement letter included a description of the planned scope and timing of our audit.</p>
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America (U.S. GAAP), in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. Although the District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period, there were several prior period adjustments as a result of more accurate application of the accounting policies, in particular regarding capital assets and accruals of assets and liabilities.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>

Area	Comments
Audit Adjustments	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the District are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached Summary of Uncorrected Misstatements.
Departure From the Auditor's Standard Report	<p>We have included an Emphasis-Of-Matter paragraph in our report. The reasons for the inclusion of this was due to subsequent to the issuance of the June 30, 2016 financial statements, the District determined that as of and prior to June 30, 2016 it had not properly accounted for capital assets, accrued compensated absences, other post-employment benefit liabilities, and certain cash and expense transactions. Accordingly, the financial statements issued as of and for the year ended June 30, 2016 were restated. However, this restatement did not cause a modification to the opinion issued on the June 30, 2017 financial statements.</p> <p>Additionally, we have included an Other-Matter paragraph in our report due to the omission of the management's discussion and analysis that U.S. GAAP requires to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.</p>
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
Significant Issues Discussed with Management	<p>Following is a description of significant issues arising from the audit that were discussed with management:</p> <ul style="list-style-type: none"> - Reconciling the trial balance to the prior year audited financial statements. This was due to prior year audit adjustments not being recorded in the general ledger, the chart of accounts being reorganized, and the chart of accounts having no account numbers. - The availability of historical documentation and audit evidence to support the historical cost and placed in service dates of capital assets. Also, lack of a complete and accurate capital assets listing. - The erroneous application of significant accounting policies (in particular regarding capital assets and accruals of assets and liabilities) in prior years which resulted in the need for several prior period adjustments. - Significant current year adjustments necessary for preparing financial statements and their attendant disclosures in accordance with U.S. GAAP. - Prior year financial statement presentation and determining the appropriate presentation in the current year in accordance with U.S. GAAP.
Significant Difficulties Encountered in Performing the Audit	<p>We did not encounter any significant difficulties in dealing with management during the audit; however, as noted above, we did encounter significant issues during the course of the audit that caused the audit to take substantially longer to perform than typical.</p>
Letter Communicating Material Weaknesses in Internal Control Over Financial Reporting	<p>We have separately communicated the material weaknesses in internal control over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.</p>
Significant Written Communications Between Management and Our Firm	<p>Copies of significant written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit A.</p>

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2017 financial statements.

<u>Estimate</u>	<u>Accounting Policy</u>	<u>Management's Estimation Process</u>	<u>Basis for Our Conclusions on Reasonableness of Estimate</u>
Depreciation and amortization of capital assets	<p>The District's policy has set the capitalization threshold for reporting capital assets at \$5,000.</p> <p>Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. See the Capital Assets section of Note 2 of the District's financial statements for further detail regarding the relevant accounting policies.</p>	<p>Estimated useful lives are determined by asset categories (i.e., buildings and infrastructure, building and land improvements, maintenance equipment and vehicles, etc.) based on the number of years the relevant assets are anticipated to be useful for.</p>	<p>We scanned the capital assets listing and performed a physical inventory of capital assets and noted that the estimated useful lives appeared reasonable based on the descriptions in the listing and per physical observation.</p>
Pension and other post-employment benefits deferred outflows, liabilities, deferred inflows, and expenses	<p>See Notes 2 (relevant sections), 6, and 7 of the District's financial statements for information regarding the District's relevant accounting policies and estimation processes.</p>	<p>See Notes 2 (relevant sections), 6, and 7 of the District's financial statements for information regarding the District's relevant accounting policies and estimation processes.</p>	<p>Based on evaluation of the underlying assumptions supporting these estimates, the reasonableness of the methodology, and the consistency of application, we conclude that management's approach is appropriate and the estimation process is reasonable.</p>

Summary of Recorded Audit Adjustments

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To accrue the July cell tower lease payment receivable as of year-end.	\$ 2,163	\$ -	\$ -	\$ 2,163	\$ -
To adjust the QuickBooks balances to agree to the prior year audited balances.	4,743	1,084	(10,200)	-	(13,859)
To accrue unrecorded liabilities for services/goods received prior to year-end.	-	29,443	-	-	29,443
To accrue unrecorded accounts receivable as of year-end.	20,498	-	-	20,498	-
To accrue deferred revenue amounts at year-end.	-	9,704	-	(9,704)	-
To accrue the current year increase in vacation and comp. time as of year-end.	-	1,862	-	-	1,862
To adjust the OPEB obligation accounts to the appropriate amounts at the current year-end.	-	(108,728)	-	-	(108,728)
To adjust the pension obligation accounts to the appropriate amounts at the current year-end.	221,178	132,820	-	-	(88,358)
To record current year capital asset additions and depreciation.	262,898	-	-	-	(262,898)
To correct the cash balance in the Riverside County Fund and to	(1,166)	-	-	-	1,166

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
recognize the receivables amount.					
To accrue the June 2017 CalPERS UAL payment due at year-end.	-	3,088	-	-	3,088
To recognize the prior period impact of accrued vacation and compensatory time not being recognized.	-	19,652	(19,652)	-	-
To recognize the prior period impact of the gross OPEB obligation and the market value of CERBT assets being overstated in the prior year.	-	(47,219)	47,219	-	-
To recognize the prior period impact of capital assets and accumulated depreciation being misstated.	1,212,241	-	1,212,241	-	-
To recognize the prior period impact of capital expenditures being expensed instead of being put into CIP.	35,125		35,125		
To clear erroneous reconciling items in the payroll cash account.	2,121	-	2,083	-	(38)
To clear erroneous reconciling items in the operating cash account.	1,898	-	3,186	-	1,288
To correct pension amounts posted in the wrong period.	-	-	4,915	-	4,915
To correct current year Q1 workers' compensation	-	-	7,274	-	7,274

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
insurance expense which was recorded in the prior fiscal year.					
To reclassify return of property insurance premiums from offsetting property insurance expense to other income.	-	-	-	2,199	2,199
To reclassify insurance and grant income from capital expenditures accounts to income accounts.	-	-	-	176,209	176,209
Total effect				\$ 191,365	\$ (246,437)
Statement of Net Position effect	\$ 1,761,699	\$ 41,706	\$ 1,282,191		

These audit adjustments do not include routine adjustments resulting from bookkeeping assistance (such as, depreciation, amortization, pension adjustments) that we have provided to the District in connection with the audit.

Summary of Uncorrected Misstatements

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the financial position, results of operations, cash flows and related financial statement disclosures. Following is a summary of those differences.

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To recognize estimated inventory as of year-end.	\$ 6,500	\$ -	\$ 6,500	\$ -	\$ -
To adjust AR for bad debt.	(2,715)	-	-	-	2,715
To recognize the impact of the prior year horse arena improvement expenses being recognized in the current year.	-	-	(1,776)	-	(1,776)
Total effect				\$ -	\$ 939
Statement of Net Position effect	\$ 3,785	\$ -	\$ 4,724		

**Exhibit A—Letter Communicating Material Weaknesses in Internal Control
Over Financial Reporting**



November 15, 2018

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

In planning and performing our audit of the financial statements of Beaumont-Cherry Valley Recreation and Park District (the "District") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the District's internal control to be material weaknesses:

Financial Accounting and Financial Statement Presentation

Maintaining accounting records and preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires technical knowledge and ability that management does not possess. This resulted in the need for 23 current year and prior period adjustments that were material in the aggregate and, in some cases, individually. The most significant adjustment being related to capital assets due to a lack of historical documentation and audit evidence to support the historical cost and placed in service dates of the capital assets. As a result, the District did not have a complete and accurate capital asset listing in prior years. We believe this indicates a material weakness within the design of the control environment, control activities, and monitoring as it relates to financial accounting and reporting. We recommend, wherever possible, that management acquire knowledge regarding financial accounting and reporting and continue to closely review and monitor the accounting activity and financial reporting to mitigate this weakness. Also, we encourage management to continue working with the outside accountant to assist the District with its financial accounting and reporting.

Segregation of Duties

As is typical of most small organizations, the District's internal control system has been weakened because of limited personnel and there is not adequate segregation of duties. Segregation of duties, if adequate, will prevent a person from both perpetuating and concealing an irregularity or fraud. While management has implemented policies and procedures to partially mitigate this risk, the size of the district still allows for the possibility for such an event to occur. We believe this indicates a material weakness in the design of the District's control environment. We recommend that, as much as possible, accounting duties be segregated and that an independent review be performed periodically to ensure that where there is no proper segregation, transactions are being properly handled and recorded.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Singer Lewak LLP

**Exhibit B—Significant Written Communications Between Management
and Our Firm**



BEAUMONT-CHERRY VALLEY

RECREATION & PARK DISTRICT

November 15, 2018

SingerLewak LLP
1650 Iowa Avenue, Suite 200
Riverside, CA 92507

This representation letter is provided in connection with your audit of the basic financial statements of Beaumont-Cherry Valley Recreation and Park District (the District) as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

We confirm, to the best of our knowledge and belief, that as of November 15, 2018:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 17, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity, if any.
3. We acknowledge our responsibility for 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.

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November 15, 2018

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4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

6. There were no related-party relationships and transactions, including (if applicable) those with component units for which the District is accountable, other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which the District has an interest, and jointly governed organizations in which the District participates.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. We have reviewed and approved the adjusting journal entries you have proposed, and they have been posted to the accounts accordingly.
10. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
11. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
13. We have informed you of all uncorrected misstatements. As of and for the year ended June 30, 2017, we believe that the effects of the

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November 15, 2018
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uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect—Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To recognize estimated inventory as of year-end.	\$ 6,500	\$ -	\$ 6,500	\$ -	\$ -
To adjust AR for bad debt.	(2,715)	-	-	-	2,715
To recognize the impact of the prior year horse arena improvement expenses being recognized in the current year.	-	-	(1,776)	-	(1,776)
Total effect				\$ -	\$ 939
Balance sheet effect	\$ 3,785	\$ -	\$ 4,724		

Information Provided

14. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters,

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November 15, 2018

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- b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
- a. Management;
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.

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19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
21. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
22. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

Government-specific

23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have a process to track the status of audit findings and recommendations.
25. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related communications have been implemented.
26. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
28. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objective, and any other instances that warrant the attention of those charged with governance.
29. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
30. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
31. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.
32. As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by

designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and the related notes.

33. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
34. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
35. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclosed all other joint ventures and other related organizations, if any.
36. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Expenses have been appropriately classified in the statement of activities.

39. Revenues are appropriately classified in the statement of activities within Program and General.
40. Deposits and investments are properly classified as to risk and are properly disclosed.
41. Capital assets are properly capitalized, reported, and if applicable, depreciated.
42. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

Supplementary Information

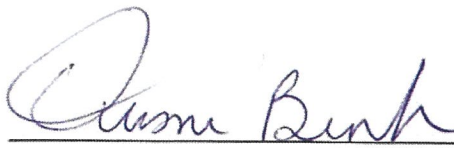
43. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period (except as indicated in Note 11 of the financial statements, if applicable).
44. With respect to the Required Supplementary Information presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period (except as indicated in Note 11 of the financial statements, if applicable).
- d. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.

Additional Representations

45. We believe that actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
46. We do not plan to terminate or make frequent amendments to our pension or other postretirement benefit plans.
47. No events, including instances of noncompliance have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
48. As described on Note 11 to the financial statements, we believe the restatement adjustments reflect all amounts necessary to properly account for capital assets, accrued compensated absences, other post-employment benefit liabilities, and timing of expense transactions. There are no other matters that require correction in the financial statements related to these items or otherwise.

Beaumont-Cherry Valley Recreation and Park District.



Duane Burk, General Manager



Nancy Law, Office Manager

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November 15, 2018
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Janet O. Covington
Janet Covington, HR Manager



November 15, 2018

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

In planning and performing our audit of the financial statements of Beaumont-Cherry Valley Recreation and Park District (the "District") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the District's internal control to be material weaknesses:

Financial Accounting and Financial Statement Presentation

Maintaining accounting records and preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires technical knowledge and ability that management does not possess. This resulted in the need for 23 current year and prior period adjustments that were material in the aggregate and, in some cases, individually. The most significant adjustment being related to capital assets due to a lack of historical documentation and audit evidence to support the historical cost and placed in service dates of the capital assets. As a result, the District did not have a complete and accurate capital asset listing in prior years. We believe this indicates a material weakness within the design of the control environment, control activities, and monitoring as it relates to financial accounting and reporting. We recommend, wherever possible, that management acquire knowledge regarding financial accounting and reporting and continue to closely review and monitor the accounting activity and financial reporting to mitigate this weakness. Also, we encourage management to continue working with the outside accountant to assist the District with its financial accounting and reporting.

Segregation of Duties

As is typical of most small organizations, the District's internal control system has been weakened because of limited personnel and there is not adequate segregation of duties. Segregation of duties, if adequate, will prevent a person from both perpetuating and concealing an irregularity or fraud. While management has implemented policies and procedures to partially mitigate this risk, the size of the district still allows for the possibility for such an event to occur. We believe this indicates a material weakness in the design of the District's control environment. We recommend that, as much as possible, accounting duties be segregated and that an independent review be performed periodically to ensure that where there is no proper segregation, transactions are being properly handled and recorded.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Singer Lewak LLP

**BEAUMONT-CHERRY VALLEY
RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED
JUNE 30, 2017**

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of Beaumont-Cherry Valley Recreation and Park District (the "District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information related to the pension and other postemployment benefits plans on pages 28 through 31 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

The schedule of board of directors and insurance coverage on page 31 have not been subjected to auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide any assurance on it.

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



November 15, 2018

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
GENERAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
June 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
GENERAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
June 30, 2017

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

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

FUND BALANCE/NET POSITION

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

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Nature of Organization

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

Reporting Entity

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the periods presented.

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Budgetary Policies

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

Use of Estimates

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

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

Pension Accounting

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Property Taxes

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

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

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

Capital Assets

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

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Impairment of Capital Assets

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

Compensated Absences

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

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

Net Position

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

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

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

Fund Balance

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

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

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

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

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Petty cash	\$ 230
Deposits in financial institutions	295,806
Cash held in the Riverside County Treasurer’s Pooled Investment Fund	<u>1,181,743</u>
	<u>\$ 1,477,779</u>

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

Investments Authorized by the District’s Investment Policy

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

Credit Risk and Custodial Credit Risk

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

Credit Risk and Custodial Credit Risk (Continued)

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

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

NOTE 4 – LONG-TERM LIABILITIES

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 – CAPITAL ASSETS

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 – PENSION PLAN

General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 – PENSION PLAN (Continued)

General Information About the Pension Plan (Continued)

Contributions

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

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 – PENSION PLAN (Continued)

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

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

<u>Year</u> <u>Ending June 30,</u>	
2018	\$ 6,731
2019	11,012
2020	71,975
2021	<u>38,813</u>
Total	<u>\$ 128,531</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Methods and assumptions

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 – PENSION PLAN (Continued)

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

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

Change of Assumption

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

Discount Rate

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 – PENSION PLAN (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return</u>	
		<u>Years 1-10¹</u>	<u>11+²</u>
Global equity	51%	5.25%	5.71%
Global fixed income	19	.99	2.43
Inflation sensitive	6	.45	3.36
Private equity	10	6.83	6.95
Real estate	10	4.50	5.13
Infrastructure and forestland	2	4.50	5.09
Liquidity	2	(.55)	(1.05)
Total	<u>100%</u>		

¹An expected inflation of 2.5 percent used for this period.

²An expected inflation of 3.0 percent used for this period.

Changes in the Net Pension Liability

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

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

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

Pension Plan Fiduciary Net Position

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Changes in the Net Pension Liability (Continued)

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

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

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

Changes in the Net Pension Liability (Continued)

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

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

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 – LESSOR LEASES

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

Year <u>Ending June 30,</u>	
2018	\$ 26,540
2019	27,336
2020	28,156
2021	<u>7,091</u>
Total	\$ <u>89,123</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 6341 Auburn Blvd., Suite A, Citrus Heights, California 95621-5203.

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

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

Total assets	\$ 22,848,966
Deferred outflows of resources	<u>193,749</u>
Total assets and deferred outflows of resources	\$ <u>23,042,715</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 – JOINT VENTURES (Continued)

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

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

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

Fund balance – total governmental funds \$ 1,476,782

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

Teeter plan property taxes are included as a receivable	26,044
Capital assets are not financial resources, and are not reported in the fund	1,512,887
Deferred outflows of resources	272,761
Compensated absences are included as a liability	(21,514)
Net pension liability	(612,637)
Net other post-employment benefits liability	(160,210)
Deferred inflows of resources	<u>(59,546)</u>
Net position – governmental activities	<u>\$ 2,434,567</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

Net change in fund balances – total governmental funds	\$ 236,760
Amounts reported for governmental activities in the statement of activities are different because:	
Teeter plan property taxes are included as revenue	26,044
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital asset acquisitions	331,576
Less current year depreciation expense	(68,678)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds:	
Net pension liability	88,358
Net other post-employment benefits liability	<u>108,728</u>
Change in net position - governmental activities	<u>\$ 722,788</u>

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

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

The fund financial statements were impacted as follows:

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

The government-wide financial statements were impacted as follows:

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 – PRIOR PERIOD ADJUSTMENTS (Continued)

For the Year Ended June 30, 2016:

Depreciation expense	276,296	60,869
Total expenditures	1,945,559	1,730,132

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

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

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

NOTE 12 – SUBSEQUENT EVENTS

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

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

SUPPLEMENTARY INFORMATION

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
June 30, 2017

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

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

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2015

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
June 30, 2017

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

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

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

Benefit Changes: None

Changes in Assumptions: None

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
June 30, 2017

Schedule of Funding Progress of Other Postemployment Benefits

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

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

BEAUMONT-CHERRY VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF BOARD OF DIRECTORS AND INSURANCE COVERAGE - UNAUDITED
June 30, 2017

Officers, Directors, and Senior Management

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

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

Insurance

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

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

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

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

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