

**FEATHER RIVER RECREATION AND PARK DISTRICT**

**Oroville, California**

**FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION WITH INDEPENDENT  
AUDITOR'S REPORT**

**June 30, 2020**



**HOLLY B. PLADSON**

—◆ Certified Public Accountant ◆—

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and Park District*

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# HOLLY B. PLADSON

—◆ Certified Public Accountant ◆—

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Feather River Recreation and Park District  
Oroville, California

I have audited the accompanying financial statements of the business-type activities of Feather River Recreation and Park District, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The District's 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*, issued by the Controller of the state of California. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of net pension liability – California Public Employees' Retirement Systems on page 28, the schedule of District's Contributions – California Public Employees' Retirement System on page 28, and the budgetary comparison on page 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 (GASB), 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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. My opinion on the basic financial statement is not affected by this missing information.

## **Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the District's basic financial statements. The comparison of budget-to-actual results on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors  
Feather River Recreation and Park District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated April 26, 2021, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Holly B. Pladson, CPA

Chico, California

April 26, 2021



**2020 BOARD OF DIRECTORS**

**BOARD MEMBERS**

**TERM EXPIRATION**

Scott Fowler, Chairperson

December 2022

Steven Rocchi, Vice-Chairperson

December 2022

Sonny Brandt, Director

December 2024

Devin Thomas, Director

December 2024

**GENERAL MANAGER**

Shawn Rohrbacker

**BUSINESS MANAGER**

Deborah Peltzer

**FINANCIAL SECTION**

**STATEMENT OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2020	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,025,696	\$ 39,183	\$ 554,014	\$ 3,618,893
Accounts receivable	20,729	-	-	20,729
Grants receivable	31,470	-	-	31,470
Other receivable	2,839	-	-	2,839
<b>Total Current Assets</b>	<b>3,080,734</b>	<b>39,183</b>	<b>554,014</b>	<b>3,673,931</b>
<b>CAPITAL ASSETS - NET</b>	<b>12,284,765</b>	<b>-</b>	<b>-</b>	<b>12,284,765</b>
<b>TOTAL ASSETS</b>	<b>15,365,499</b>	<b>39,183</b>	<b>554,014</b>	<b>15,958,696</b>
<b>DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>203,139</b>	<b>-</b>	<b>-</b>	<b>203,139</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,568,638</b>	<b>\$ 39,183</b>	<b>\$ 554,014</b>	<b>\$ 16,161,835</b>

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



**STATEMENT OF NET POSITION**

*Feather River Recreation  
and Park District*

June 30, 2020	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 489,863	\$ -	\$ -	\$ 489,863
Accrued payroll and liabilities	54,023	-	-	54,023
Deferred revenue	23,317	-	-	23,317
Compensated absences	46,905	-	-	46,905
Current maturities of long-term debt	261,535	-	-	261,535
<b>Total Current Liabilities</b>	<b>875,643</b>	<b>-</b>	<b>-</b>	<b>875,643</b>
<b>NONCURRENT LIABILITIES</b>				
Long-term debt, net of current maturities	2,731,693	-	-	2,731,693
Net pension liability	939,779	-	-	939,779
<b>Total Noncurrent Liabilities</b>	<b>3,671,472</b>	<b>-</b>	<b>-</b>	<b>3,671,472</b>
<b>TOTAL LIABILITIES</b>	<b>4,547,115</b>	<b>-</b>	<b>-</b>	<b>4,547,115</b>
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	134,826	-	-	134,826
<b>NET POSITION</b>				
<b>Non-Spendable</b>				
Invested in capital assets - net of related debt	12,284,765	-	-	12,284,765
<b>Restricted</b>				
Restricted for designated agency fund	-	39,183	554,014	593,197
<b>Unrestricted</b>				
Assigned	91,000	-	-	91,000
Unassigned	(1,489,068)	-	-	(1,489,068)
<b>TOTAL NET POSITION</b>	<b>10,886,697</b>	<b>39,183</b>	<b>554,014</b>	<b>11,479,894</b>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES FROM PENSIONS</b>	<b>\$ 15,568,638</b>	<b>\$ 39,183</b>	<b>\$ 554,014</b>	<b>\$ 16,161,835</b>

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

**STATEMENT OF FUNCTIONAL ACTIVITIES AND  
CHANGES IN NET POSITION  
JUNE 30, 2020**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2020	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fees Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>				
Program service fees	\$ 824,739	\$ -	\$ -	\$ 824,739
Property taxes	1,809,377	283,008	-	2,092,385
Impact and development fees	-	-	105,918	105,918
Donations and grant revenue	111,227	-	-	111,227
<b>Total Operating Revenues</b>	<b>2,745,343</b>	<b>283,008</b>	<b>105,918</b>	<b>3,134,269</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,689,618	116,783	-	1,806,401
Services and supplies	1,026,504	150,675	-	1,177,179
Depreciation	671,214	-	-	671,214
<b>Total Operating Expenses</b>	<b>3,387,336</b>	<b>267,458</b>	<b>-</b>	<b>3,654,794</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(641,993)</b>	<b>15,550</b>	<b>105,918</b>	<b>(520,525)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Investment income	54,492	2,912	7,132	64,536
Investment expenses	(102,018)	-	-	(102,018)
Gain on disposal of assets	3,295	-	-	3,295
Other revenue	1,468	-	-	1,468
Insurance recoveries	191,433	-	-	191,433
<b>Total Nonoperating Revenues (Expenses)</b>	<b>148,670</b>	<b>2,912</b>	<b>7,132</b>	<b>158,714</b>
<b>CHANGE IN NET POSITION</b>	<b>(493,323)</b>	<b>18,462</b>	<b>113,050</b>	<b>(361,811)</b>
Transfer	19,000	(19,000)	-	-
<b>Net Position - Beginning of Year</b>	<b>11,361,020</b>	<b>39,721</b>	<b>440,964</b>	<b>11,841,705</b>
<b>Net Position - End of Year</b>	<b>\$ 10,886,697</b>	<b>\$ 39,183</b>	<b>\$ 554,014</b>	<b>\$ 11,479,894</b>

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

## STATEMENT OF CASH FLOWS

### *Feather River Recreation and Park District*

Year Ended June 30, 2020	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 840,597	\$ -	\$ -	\$ 840,597
Receipts from taxes and impact fees	1,809,377	283,008	105,918	2,198,303
Receipts from grants	111,227	-	-	111,227
Payments to suppliers	(640,779)	(150,675)	-	(791,454)
Payments to employees	(1,504,883)	(116,783)	-	(1,621,666)
<b>Net Cash Provided by Operating Activities</b>	<b>615,539</b>	<b>15,550</b>	<b>105,918</b>	<b>737,007</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(1,258,715)	(19,000)	-	(1,277,715)
Proceeds from sale of capital assets	9,242	-	-	9,242
Principal paid on debt	(211,477)	-	-	(211,477)
Interest paid on debt	(102,018)	-	-	(102,018)
Insurance proceeds	192,901	-	-	192,901
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,370,067)</b>	<b>(19,000)</b>	<b>-</b>	<b>(1,389,067)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	54,492	2,912	7,132	64,536
<b>Net Cash Provided by Investing Activities</b>	<b>54,492</b>	<b>2,912</b>	<b>7,132</b>	<b>64,536</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(700,036)</b>	<b>(538)</b>	<b>113,050</b>	<b>(587,524)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>3,725,732</b>	<b>39,721</b>	<b>440,964</b>	<b>4,206,417</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,025,696</b>	<b>\$ 39,183</b>	<b>\$ 554,014</b>	<b>\$ 3,618,893</b>

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

**STATEMENT OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

Year Ended June 30, 2020	<b>General Fund</b>	<b>Benefit Assessment Fund</b>	<b>Impact Fee Fund</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (641,993)	\$ 15,550	\$ 105,918	\$ (520,525)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Pension expense	108,561	-	-	108,561
Depreciation	671,214	-	-	671,214
Changes in net assets and liabilities:				
Accounts receivable	19,857	-	-	19,857
Grants receivable	(28,631)	-	-	(28,631)
Other receivable	(2,839)	-	-	(2,839)
Accounts payable	414,356	-	-	414,356
Accrued payroll and liabilities	51,603	-	-	51,603
Deferred revenue	(1,160)	-	-	(1,160)
Compensated absences	24,571	-	-	24,571
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 615,539</b>	<b>\$ 15,550</b>	<b>\$ 105,918</b>	<b>\$ 737,007</b>

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

**STATEMENT OF CASH FLOWS  
(CONTINUED)**

*Feather River Recreation  
and Park District*

<u>Year Ended June 30, 2020</u>	<u>General Fund</u>	<u>Benefit Assessment Fund</u>	<u>Impact Fee Fund</u>	<u>Totals</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
<b>ACQUISITION OF PROPERTY AND EQUIPMENT</b>				
Cost of property and equipment	\$ 1,258,715	\$ 19,000	\$ -	\$ 1,277,715
Less amount financed	(38,747)	-	-	(38,747)
<b>Cash Used to Acquire Property and Equipment</b>	<b>\$ 1,219,968</b>	<b>\$ 19,000</b>	<b>\$ -</b>	<b>\$ 1,238,968</b>

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

**Reporting Entity** Feather River Recreation and Park District (the District) is a political subdivision of the State of California and provides recreation services to the residents of the Oroville area of Butte County.

The District was formed under Section 5780-5791 of the *California Public Resources Code*, Article V, and is governed by a five-member Board of Directors elected by the voters of the District. A salaried general manager administrates the operations of the District in accordance with policies adopted by the Board of Directors. These financial statements encompass all fiscal activities conducted by the District.

The District's basic financial statements include the operations of all organizations for which the Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters.

The District's financial statements are classified by functional activities. The functional activities include a Benefit Assessment Fund and an Impact Fee Fund with the balance accounted for in the General Fund.

**Basis of Accounting** The District utilizes the proprietary fund method of accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The District has elected not to present management's discussion and analysis (MD&A) that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

**Budgetary Control** The District's fiscal year is the 12-month period beginning July 1. The general budget policy is that the District submit to the Butte County Auditor a board-approved budget estimating revenues and expenditures for the subsequent fiscal year prior to June 30. The final budget is legally enacted by a board resolution on or before August 10 after necessary adjustments, if any, have been made. Within certain legal restrictions, adjustments to final budget amounts may be made by the Board of Directors during the year to account for unanticipated occurrences.

**Operating Income and Expenses** The statement of functional activities and changes in net position distinguishes between operating and nonoperating income and expenses. Operating revenues include all revenues received in order to provide recreation services. These revenues are received from program service fees which are from recreational activities, property taxes, impact fees, and grant revenue. Operating expenses are all expenses incurred to provide operating income, other than financing costs. Nonoperating revenues and expenses include interest income, interest expense, and other nonoperating revenues.

***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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Fair Value Measurements*** The District measures some assets for fair value on a recurring basis as described in note 2. The District may be required, from time to time, to measure certain assets and liabilities at fair value on a non-recurring basis.

The District classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based on the following:

- Level 1: Quoted market prices for identical instruments traded in active exchange markets.
- Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3: Model-based techniques that use at least one significant assumption not observable in the market.

These unobservable assumptions reflect an organization's estimates of assumptions that market participants would use on pricing an asset or liability. Valuation techniques include management's judgment and estimation which may be significant.

***Cash and Cash Equivalents*** Cash and cash equivalents include cash on hand, demand deposits in a financial institution, cash held in trust, and deposits in the Butte County Treasury (County). The account in the financial institution serves as a clearing account into which the District makes daily deposits and then writes a check at least once each month for deposit to the County.

The District maintains substantially all of its cash in the County treasury as part of a common investment pool. Deposits in the pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of less than two years. As of June 30, 2020, the fair value of the pool was 100.0184% of the carrying value, which amounted to a net increase of \$35,865. Information regarding the amount of dollars invested in derivatives with the County was not available. The pool is subject to regulatory oversight by the Treasury Oversight Committee as required by *California Government Code*, Section 27130. The District is considered to be a voluntary participant in the County investment pool.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

## *Feather River Recreation and Park District*

**Capital Assets** Capital assets are reported at historical cost, or in the case of donated items, at fair market value on the date donated. Capital assets include land, buildings and building improvements, and equipment. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	25 Years
Building improvements	5-15 Years
Equipment	5-7 Years
Vehicles	7 Years

**Deferred Revenue** Activity fees paid prior to the utilization of the services are recorded as deferred revenue.

**Compensated Absences** Compensated absences represent the vested portion of accumulated vacation and sick leave. Upon retirement or separation from the District, the employee is entitled to full compensation for unused vacation, and up to \$2,500 for unused sick time for employees with five or more years of employment with the District. The current versus long-term portions could not be estimated and, as such, are classified as a current liability. Costs for compensated absences are accrued when earned by employees. Accumulated unpaid employee benefits are recognized as a liability in the General Fund at the end of the year.

**Net Position** Net Position is classified into three components. These components consist of:

- Net investment in capital assets, which consists of capital assets net of accumulated depreciation, reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- Restricted, which consists of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulation of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted, which is the remaining balance. Unrestricted net position may be reserved or designated for future expenditures.

**Property Taxes** The District receives property taxes from Butte County (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1, on the assessed values of the prior January 1, for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1, and February 1, and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.



## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

## *Feather River Recreation and Park District*

The District participates in the County “Teeter Plan” method of property tax distribution and thus receives 100% of the District’s apportionment each fiscal year, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. The District received approximately 66.8% of its operating revenue in 2020 from property taxes.

**Transfers** Transfers are made from the Benefit Assessment Fund and the Impact Fees Fund to the General Fund to account for capitalized improvements.

**Deferred Outflows/ Inflows of Resources From Pensions** In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. District pension contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District pension contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District’s contributions and proportionate share of pension contributions, the District’s proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District’s expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

**Net Pension Liability** For purposes of measuring the net pension liability, deferred outflows of resources/ deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the California Public Employees’ Retirement System (CalPERS), and additions to/ deductions from CalPERS’s 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 due and payable with the benefit terms. Investments are reported at fair value.

**2. CASH AND CASH EQUIVALENTS**

The District is required under state statutes to deposit most of its money in the County Treasury, which in turn pays the claims of the District. The County Treasury is limited in its investments by *California Government Code*, Section 53635, pursuant to Section 53601, to invest in demand deposits with financial institutions, savings accounts, certificates of deposits, U.S. Treasury securities, federal agency securities, state of California notes or bonds, notes or bonds of agencies within the state of California, obligations guaranteed by the Small Business Administration, bankers’ acceptances, commercial paper, and the Local Agency Investment Fund (LAIF) of the state of California. The deposits in the County Treasury pooled funds are unrated.

Cash and cash equivalents consisted of the following:

June 30, 2020	<b>Fair Value</b>
Petty Cash	\$ 584
Deposits (1)	1,243,408
Cash held in trust (2)	188,856
County Treasury investment pool (3)	2,186,045
<b>Total</b>	<b>\$ 3,618,893</b>

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, and money market accounts at financial institutions.
- (2) **Cash Held in Trust** Cash held in trust, available for capital improvements, was obtained as part of the Umpqua bank refinancing arrangement secured in May 2015.
- (3) **Investments That are Not Securities** A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District has a collateralization agreement with the bank, which mitigates custodial credit risk. The cash balances in the bank at June 30, 2020, amounted to \$1,631,370. Deposits amounting to \$250,000 are covered by depository insurance. Any balances above \$250,000 are subject to the collateralization agreement.

**Fair Value Measurements**

The District categorizes its investments in the County Treasury pooled funds within the fair value hierarchy, as a level 2 investment.

### 3. CAPITAL ASSETS

Changes in capital assets consist of the following:

June 30	Balance 2019	Additions	Retirements	Transfers	Balance 2020
<b>NONDEPRECIATING CAPITAL ASSETS</b>					
Land	\$ 627,494	\$ -	\$ -	\$ -	\$ 627,494
Construction in progress	17,351	984,593	-	(90,004)	911,940
<b>Total Nondepreciating Capital Assets</b>	<b>644,845</b>	<b>984,593</b>	<b>-</b>	<b>(90,004)</b>	<b>1,539,434</b>
<b>DEPRECIATING CAPITAL ASSETS</b>					
Structures and improvements	14,888,897	140,123	-	-	15,029,020
Equipment	974,573	152,999	(67,436)	90,004	1,150,140
<b>Subtotal</b>	<b>15,863,470</b>	<b>293,122</b>	<b>(67,436)</b>	<b>90,004</b>	<b>16,179,160</b>
Less: Accumulated depreciation	(4,824,104)	(671,214)	61,489	-	(5,433,829)
<b>Total Depreciating Capital Assets</b>	<b>11,039,366</b>	<b>(378,092)</b>	<b>(5,947)</b>	<b>90,004</b>	<b>10,745,331</b>
<b>Total Capital Assets - Net</b>	<b>\$ 11,684,211</b>	<b>\$ 606,501</b>	<b>\$ (5,947)</b>	<b>\$ -</b>	<b>\$ 12,284,765</b>

Depreciation for the year ended June 30, 2020 was \$671,214.

### 4. COMPENSATED ABSENCES

The schedule of changes in compensated absences follows:

Balance - June 30, 2019	\$ 22,334
Amount earned	56,896
Amount paid	(32,325)
<b>Balance - June 30, 2020</b>	<b>\$ 46,905</b>

### 5. APPROPRIATIONS LIMIT

The District establishes appropriation limits, pursuant to Section 9c of Article XIII B of the California Constitution, since the District's ad valorem tax on property exceeded \$.125 per \$100 assessed valuation in the 1977-78 fiscal year.

The District's board established the appropriation limits for the 2020 fiscal year to be \$3,844,658.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*Feather River Recreation  
and Park District***6. LONG-TERM DEBT**

A schedule of long-term debt balances follows: as follows:

June 30	2020
Note payable to Ford Motor Company due in monthly payments of \$888, including interest at 5.45% per annum through August 2021. The note is secured by a vehicle.	\$ 11,179
Note payable to Ford Motor Company due in monthly payments of \$758, including interest at 6.75% per annum through January 2025. The note is secured by a vehicle.	35,234
Certificates of Participation Series 2015A are due in quarterly payments ranging from \$27,317 to \$77,746, including interest at 3.25% per annum through June 15, 2031. The note is secured by the Activity Center property, among others.	2,832,815
Certificates of Participation Series 2015B are due in quarterly payments ranging from \$2,000 to \$9,000, including interest at 4.35% per annum through June 15, 2024. The note is secured by the Activity Center property, among others.	<u>114,000</u>
<b>Subtotal</b>	2,993,228
Current maturities of long-term debt	<u>(261,535)</u>
<b>Long-Term Debt - Net of Current Maturities</b>	<u>\$ 2,731,693</u>

A schedule of changes in long-term debt follows:

<b>June 30</b>	<b>2019</b>	<b>Additions</b>	<b>Payments</b>	<b>2020</b>
Ford Motor Company notes	\$ 20,930	\$ 38,747	\$ (13,264)	\$ 46,413
Certificates of participation	3,183,775	-	(236,960)	2,946,815
<b>Totals</b>	<u>\$ 3,204,705</u>	<u>\$ 38,747</u>	<u>\$ (250,224)</u>	<u>\$ 2,993,228</u>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*Feather River Recreation  
and Park District*

Scheduled principal and interest payments are as follows:

Years Ending June 30	Principal	Interest	Total
2021	\$ 261,535	\$ 96,351	\$ 357,886
2022	261,329	87,307	348,636
2023	269,364	78,158	347,522
2024	278,563	68,698	347,261
2025	253,216	59,405	312,621
2026 - 2030	1,368,027	168,531	1,536,558
2031	301,194	6,118	307,312
<b>Total</b>	<b>\$ 2,993,228</b>	<b>\$ 564,568</b>	<b>\$ 3,557,796</b>

**7. RETIREMENT PLAN**

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by an agency of the state of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS).

**Plan Description** Classified employees of the District participate in the Miscellaneous Plan of Feather River Recreation and Park District (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided** The Plan provides retirement, disability benefits, and death benefits to Plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions** Active plan members are required to contribute 7.0% of their salary (7.0% of the monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the 2020 fiscal year was 6.98%. The contribution requirements of the Plan members are established by state statute. For the year ended June 30, 2020, the District made the contributions required of District employees on their behalf and to their account. The District's contributions to CalPERS for the fiscal year ended June 30, 2020 amounted to \$53,221.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*Feather River Recreation  
and Park District*

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*** At June 30, 2020, the District reported a net pension liability of \$939,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The District’s portion 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 organizations and the state of California, actuarially determined. At June 30, 2019, the District’s proportionate share was 0.0208%.

For the year ended June 30, 2020, the District recognized pension expense of \$761,829. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2020	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 16,430
Differences between District contributions and proportionate share of contributions	-	96,443
Differences between expected and actual experience	65,272	5,057
Changes in assumptions	44,812	15,886
Changes in proportions	39,834	1,010
District contributions subsequent to the measurement date	53,221	-
<b>Total</b>	<b>\$ 203,139</b>	<b>\$ 134,826</b>

The \$53,221 reported as deferred outflows of resources related to pensions, resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 36,342
2022	(25,149)
2023	579
2024	3,320
<b>Total</b>	<b>\$ 15,092</b>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*Feather River Recreation  
and Park District*

**Actuarial Assumptions** The total pension liability in the June 30, 2018, actuarial valuation for CalPERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses; includes inflation

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries scale BB.

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of a percent.

The table below reflects the 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.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*Feather River Recreation  
and Park District*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Rate of Return Years 1 - 10</b>	<b>Rate of Return Years 11+</b>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
<b>Total</b>	<b>100%</b>		

**Discount Rate** The discount rate used to measure the total pension liability for June 30, 2020 was 7.15%. The amortization and smoothing periods recently adopted by CalPERS were utilized to determine whether the municipal bond rate should be used in the calculation of a discount rate. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or higher (8.15%), than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
June 30, 2020			
District's proportionate share of the net pension liability	\$ 1,442,432	\$ 939,779	\$ 524,874

**Pension Plan Fiduciary New Position** Detailed information about the pension plan's fiduciary net position is available in CalPERS's separately issued Comprehensive Annual Financial Report.



**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other park and recreation districts in the Special District Risk Management Authority (SDRMA). SDRMA provides self-insurance and related services to members of California Association of Recreation and Park Districts. A summary of coverage limits is presented below:

General liability	\$ 10,000,000
Auto liability	\$ 10,000,000
Public officials' and employee liability	\$ 10,000,000
Boiler and machinery	\$ 100,000,000
Property	\$ 1,000,000,000
Pollution	\$ 2,000,000
Workers' compensation	\$ 5,000,000

The District has a \$500 deductible for general liability; a \$1,000 deductible for auto liability; a \$1,000 deductible for boiler and machinery; and a \$1,000 deductible for property loss.

There has been no significant reduction in any of the insurance coverage from the prior year. Settled claims resulting from this program have not exceeded insurance coverage in each of the past three fiscal years.

**9. RIVERBEND PARK**

In February 2017, high inflow to Lake Oroville prompted water to be released from the main spillway to control the lake level. Soon after releasing water, significant damage was noted on the spillway which led to the uncontrolled flow of water over the emergency spillway. As a result, debris was carried downstream and caused approximately \$8 million of the District's capital assets at Riverbend Park to be impaired during the year ended June 30, 2017. The District is utilizing insurance proceeds and federal emergency agency funds to repair the damages.

Phase I of the Riverbend Park restoration project has been completed as of June 30, 2020, at a cost of approximately \$4.67 million. Phase II of the Riverbend Park restoration project began during the year ended June 30, 2020, adding a boat dock, river front beach, amphitheater, and playground equipment. The District has entered into construction contracts for the restoration of the Riverbend Park Phase II totaling approximately \$1.5 million. At June 30, 2020, approximately \$635,000 has been incurred.

**10. LEASING ARRANGEMENTS**

The District is the lessor of a museum building and grounds in Forbestown, California. The total cost of the leased property was \$173,568 as of June 30, 2020. Accumulated depreciation was \$126,788 as of June 30, 2020. The current lease expired on June 1, 2018. The District approved an amendment to the original lease agreement to extend the agreement an additional five years. All property reverts back to the District at the end of the lease. No payments are required by the lessee to the lessor, but the lessee pays for all the maintenance and operating costs of the museum and grounds.

**11. RECENT ACCOUNTING PRONOUNCEMENTS*****GASB Statement No. 84, Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were initially to be effective for financial statement for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this Statement will have a significant impact on the District's financial statements.

***GASB issued Statement No. 87, Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principles that leases are financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of the Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District's is in the process of determining the impact this Statement will have on the financial statements.

***GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period***

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this Statement will have a significant impact on the District's financial statements.

***GASB Statement No. 92, Omnibus 2020***

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing, and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

**12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 26, 2021, which is the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenues. Other financial impact could occur, though such potential impact is unknown at this time.

This is a challenging time not only for our country but also for the community. The District takes the safety and health of our community and staff very seriously. The District has chosen to take actions to limit the spread of this virus. Therefore, the District has made the tough decision to cancel or postpone programs in several areas. Effective March 18, 2020, the following facilities, programs, and positions were suspended until further notice:

- The Activity Center
- Child Development Center
- Gymnastics
- Youth/ Adult Sports
- Recreation Classes

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

*Feather River Recreation  
and Park District*

Suspended positions include 64 part-time employees, 2 full-time staff, and 1 supervisor. The full-time and supervisor positions are furloughed, and include ongoing District health care benefits. The District plans to have staff return to work as soon as state regulations allow opening of recreation facilities and their programming resumes.

The Child Development Center opened in June 2020. Gymnastics Team Camps opened July 2020. A few recreation classes were started in the Fall of 2020, once Butte County was within the Orange Tier. These classes and the Activity Center were closed most of the 2020/2021 winter while the County was in the Purple Tier. Classes are once again being offered as of the April 2021 Orange Tier.

As a result of COVID-19, the District's loss in revenues is estimated at \$350,000 due to cancelation of recreation programs, events, classes and facility rentals. Although the District experienced a loss of revenues due to COVID-19 closure, it has also resulted in a decrease to payroll and general expenses.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*Feather River Recreation and Park District*

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Years Ended June 30	2020	2019	2018	2017	2016
District's portion of the net pension liability (asset)	0.02078%	0.02139%	0.02164%	0.02192%	0.02532%
District's portionate share of the net pension liability (asset)	\$ 939,779	\$ 842,871	\$ 844,607	\$ 709,041	\$ 522,135
District's covered-employee payroll	\$ 706,773	\$ 639,386	\$ 497,411	\$ 535,866	\$ 486,377
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	132.97%	131.83%	169.80%	132.32%	107.35%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.90%	74.52%	80.82%	87.11%

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Years Ended June 30	2020	2019	2018	2017	2016
Contractually required contribution	\$ 53,221	\$ 45,222	\$ 37,288	\$ 42,006	\$ 34,280
Contributions in relation to the contractually required contribution	(53,221)	(45,222)	(37,288)	(42,006)	(34,280)
<b>Contribution Deficiency (Excess)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 706,773	\$ 639,386	\$ 497,411	\$ 535,866	\$ 486,377
Contributions as a percentage of covered-employee payroll	7.53%	7.07%	7.50%	7.84%	7.05%

*See the accompanying notes to the supplementary information*

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. CHANGES IN BENEFIT TERMS**

**California Public Employees' Retirement System**

Public agencies can make changes to their plan provisions, and such changes occur on an on-going basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**2. CHANGES OF ASSUMPTIONS**

**California Public Employees' Retirement System**

During the year ended June 30, 2020, the CalPERS Board changed demographic assumptions and the inflation rate in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**OTHER SUPPLEMENTARY INFORMATION**



## BUDGETARY COMPARISON SCHEDULE

## Feather River Recreation and Park District

Year Ended June 30, 2020	Adopted Original Budget	Approved Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>				
Program service fees	\$ 1,119,155	\$ 1,119,155	\$ 824,739	\$ (294,416)
Property taxes - General Fund	1,700,000	1,700,000	1,809,377	109,377
Property taxes - BAD Fund	288,750	288,750	283,008	(5,742)
Impact fee	- *	-	105,918	105,918
Grant revenue	30,000	30,000	111,227	81,227
<b>Total Operating Revenues</b>	<b>3,137,905</b>	<b>3,137,905</b>	<b>3,134,269</b>	<b>(3,636)</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,951,550	1,951,550	1,806,401	145,149
Services and supplies	1,258,414	1,106,264	1,177,179	(70,915)
<b>Total Cash Operating Expenses</b>	<b>3,209,964</b>	<b>3,057,814</b>	<b>2,983,580</b>	<b>74,234</b>
Depreciation (Noncash)	- *	550,000	671,214	121,214
<b>Total Operating Expenses</b>	<b>3,209,964</b>	<b>3,607,814</b>	<b>3,654,794</b>	<b>195,448</b>
<b>Operating Income (Loss)</b>	<b>(72,059)</b>	<b>(469,909)</b>	<b>(520,525)</b>	<b>(199,084)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	10,000	10,000	64,536	54,536
Interest expense	-	(102,018)	(102,018)	-
Other operating revenue	20,200	20,200	4,763	(15,437)
Insurance proceeds	- *	-	191,433	191,433
<b>Total Nonoperating Revenue (Expenses)</b>	<b>30,200</b>	<b>(71,818)</b>	<b>158,714</b>	<b>230,532</b>
<b>Change in Net Position</b>	<b>(41,859)</b>	<b>(541,727)</b>	<b>(361,811)</b>	<b>31,448</b>
Capital assets	(200,000)	(1,567,000)	(1,277,715)	289,285
Principal long-term debt payments	(338,978)	(236,960)	(250,224)	(13,264)
<b>Change in Net Position Less Capital</b>				
<b>Assets and Long-Term Debt Payments</b>	<b>\$ (580,837)</b>	<b>\$ (2,345,687)</b>	<b>\$ (1,889,750)</b>	<b>\$ 307,469</b>

\* Items were not budgeted

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Budgets and Budgetary Accounting**

As required by state law, the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund is the only legally adopted budget.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.

**OTHER REPORT**



## HOLLY B. PLADSON

—◆ Certified Public Accountant ◆—

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Feather River Recreation and Park District  
Oroville, California

I have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special District*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Feather River Recreation and Park District (the District), a political subdivision of the state of California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated April 26, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

*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 material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Continued

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit; and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**District’s Response to Findings**

The District’s responses to the findings identified in my audit are described in the accompanying schedule of findings. The District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holly B. Pladson, CPA

April 26, 2021

Chico, California

**SCHEDULE OF FINDINGS AND RESPONSES**

## **SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2020

*Feather River Recreation  
and Park District*

### **CASH DISBURSEMENTS**

2020-01

#### **Control Deficiency**

##### **Condition**

During the test of controls over non-payroll transactions, it was noted that nine of the forty items tested did not have approval of the General Manager or anyone with the authority to approve the invoice prior to payment.

##### **Criteria**

In order to maintain control over cash disbursements, all invoices need to have approval prior to payment.

##### **Effect**

Sufficient controls over expenditures are not in place to prevent invoices from being paid without proper approval.

##### ***Recommendation***

The General Manager should review and approve all disbursements that do not have any other approval. The Business Manager should verify that all invoices have approval before payment is made.

##### ***Response***

The Business Manager and General Manager will review invoices more carefully for proper approval prior to payment being authorized.

## **SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2020

*Feather River Recreation  
and Park District*

### **PAYROLL**

2020-02

#### **Control Deficiency**

##### **Condition**

During the test of controls over payroll transactions, it was noted that one of the forty employees selected were not paid the correct wage per the Personnel Action Form (PAF) in the employee file and one employee was not paid for the correct hours worked, per the employee time sheet submitted.

##### **Criteria**

The Business Manager needs to double check the accuracy of the rate of pay input into the accounting system (QuickBooks) and verify it with the PAF. The Business Manager also needs to double check the hours worked per the time sheets submitted prior to processing payroll.

##### **Effect**

Employees could be paid an incorrect wage amount, and could be paid for either more or less than the actual number of hours worked.

##### ***Recommendation***

Personnel Action Forms should be initialed by the Business Manager to signify that the rate was verified when input into the accounting system. The Business Manager should double check time sheets for hours worked, especially for employees that do not use electronic time cards.

##### ***Response***

The Business Manager will review PAFs and time cards more carefully.