



# Paradise Recreation & Park District

Agenda Prepared: 4/8/2024  
Agenda Posted: 4/9/2024  
Prior to: 5:00 PM

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## NOTICE OF BOARD OF DIRECTORS COMMITTEE MEETING

**Committee:** Finance Committee (*McGreehan/Rodowick*)  
**Date:** Thursday, April 11, 2024  
**Time:** 3:00 PM  
**Location:** Terry Ashe Recreation Center, Room A

Notice:

The public may submit comments prior to the meeting via email to [bodclerk@prpd.com](mailto:bodclerk@prpd.com) before 1:00 p.m. on the day of the meeting and they will be read into the record.

\*\*\*\*\*

**AGENDA:**

The Committee will meet to:

- 1. Review 2021-2022 Draft Audit
- 2. Review Generic RFP's
- 3. Redevelopment Email Discussion

[https://paradisepspd.sharepoint.com/sites/BODMeeting/Shared Documents/\\_Committee.Finance/2024/FC\\_24.0411/FC\\_24.0411.Agenda.docx](https://paradisepspd.sharepoint.com/sites/BODMeeting/Shared Documents/_Committee.Finance/2024/FC_24.0411/FC_24.0411.Agenda.docx)

PARADISE RECREATION AND PARK DISTRICT  
AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2022



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JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Paradise Recreation and Park District  
Paradise, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, and each major fund of Paradise Recreation and Park District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis from pages 5 - 8, and required supplementary information from pages 35 - 39, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of the District's internal control over financial reporting and on our 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 our 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.

Oakland, California  
March 27, 2024

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**PARADISE RECREATION AND PARK DISTRICT  
OFFICIAL ROSTER  
JUNE 30, 2022**

**BOARD OF DIRECTORS**

<u>Board Members</u>	<u>Term Expires December</u>
Robert Anderson, Chairperson	2024
Jen Goodlin, Vice-Chairperson	2024
Steve Rodowick, Secretary	2026
Al McGreehan, Director	2026
Mary Bellefeuille, Director	2026

**DISTRICT MANAGER**

Dan Efseaff

**DISTRICT ACCOUNTANT**

Catherine Merrifield

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**PARADISE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

The following discussion and analysis of the financial performance of Paradise Recreation and Park District's (the "District"), during the stated period provides an overview of the District's operational activities that had an impact on the financial performance of the District.

This report consists of a series of financial statements with accompanying notes. The Statements of Net Position reflects the financial position of the District as of June 30, 2022, and June 30, 2021. The Statements of Functional Activities and Changes in Net Position provide the results from operations through the fiscal years ended June 30, 2022, and June 30, 2021, and reflect how the operating results for the fiscal years affected the Statements of Net Position.

The statements referenced above include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The District has made substantial progress over the last five years to improve transparency and financial practices, and Staff and Board are committed to continuing improvement in the next year.

The following summarizes the net position of the District and the change in net position from the prior fiscal year.

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 43,104,292	\$ 42,903,678
Receivables and other current assets	<u>1,000</u>	<u>1,000</u>
Total current assets	<u>43,105,292</u>	<u>42,904,678</u>
Noncurrent assets		
Designated agency fund	2,891	2,415
Loan receivable	300,322	300,322
Capital assets, net	3,272,406	3,188,395
Right-of-use lease assets, net	<u>102,951</u>	<u>-</u>
Total noncurrent assets	<u>3,678,570</u>	<u>3,491,132</u>
Total assets	<u>46,783,862</u>	<u>46,395,810</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflow of resources from pensions	198,681	148,558
Deferred outflow of resources from OPEB	<u>24,338</u>	<u>-</u>
Total deferred outflow of resources	<u>223,019</u>	<u>148,558</u>
Total assets and deferred outflow of resources	<u>\$ 47,006,881</u>	<u>\$ 46,544,368</u>



**PARADISE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 132,172	\$ 106,051
Deferred revenue	211,032	207,465
Deposits held for others	1,000	1,000
Lease liabilities, current portion	1,758	-
Total current liabilities	345,962	314,516
Noncurrent liabilities		
Compensated absences	57,344	44,275
Loan payable	60,061	-
Lease liabilities, net of current portion	101,734	-
Net pension liability	165,961	419,464
Other post-employment benefits	414,918	391,761
Total noncurrent liabilities	800,018	855,500
Total liabilities	1,145,980	1,170,016
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow of resources from pensions	181,518	40,310
Total deferred inflow of resources	181,518	40,310
<b>NET POSITION</b>		
Nonspendable		
Net invested in capital assets	3,271,865	3,188,395
Restricted	1,106,218	1,024,225
Unrestricted	41,301,300	41,121,422
Total net position	45,679,383	45,334,042
Total liabilities, deferred inflow of resources, and net position	\$ 47,006,881	\$ 46,544,368

- Cash and cash equivalents have increased primarily due to .....
- The change in other post-employment benefits is a result of a CalPERS actuarial study.
- The increase in deferred revenue is due to grant funding not yet used.
- The decrease of yet to be designated (Unassigned reserves) as of June 30, 2022, is primarily due to .....

**PARADISE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

The following section provides a summary of the functional activities (revenues and expenditures) and changes in the position of the District for the current and prior fiscal year.

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Program service fees	\$ 316,840	\$ 94,063
Property taxes	995,619	1,835,847
Impact and development fees	152,631	173,610
Grant and donation revenue	566,157	129,683
Investment income, net	74,700	248,593
Lawsuit settlement	-	39,494,352
Other revenue	<u>529,192</u>	<u>12,854</u>
Total revenues	<u>2,635,139</u>	<u>41,989,002</u>
<b>EXPENDITURES:</b>		
Salaries and benefits	1,587,167	1,687,021
Services and supplies	970,115	632,266
Contribution to other agencies	10,000	12,606
Depreciation	<u>321,194</u>	<u>276,576</u>
Total expenditures	<u>2,888,476</u>	<u>2,608,469</u>
Excess/(deficiency) of revenues over/(under) expenditures	(253,337)	39,380,533
Net position, beginning of year	45,334,042	5,953,509
<i>Restatement</i>	<u>598,678</u>	<u>-</u>
Net position, end of year	<u>\$ 45,679,383</u>	<u>\$ 45,334,042</u>

- Program service fees were increased due to .....
- Grant revenues increased due to .....
- Donations are due to .....
- Investment income decreased due to .....
- The decrease in salaries and benefits is due to the .....
- Services and supplies increased due to .....

**PARADISE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Actual Results Compared to Budget**

The Board of Directors adopts an annual budget every June for the following fiscal year, commencing on July 1. The Board continuously monitors performance against this budget throughout the year. The following presents a summary of the actual results in comparison to the budget.

	<u>2022</u>	<u>Budget</u>
<b>REVENUES</b>		
Program service fees	\$ 316,840	\$ 206,500
Property taxes	923,095	718,000
Impact fee	152,631	120,000
Grant and donations	566,157	697,300
Investment income, net	105,764	-
Other revenue	<u>529,192</u>	<u>407,600</u>
Total revenues	<u>2,593,679</u>	<u>2,149,400</u>
<b>EXPENDITURES</b>		
Salaries and benefits	1,737,697	1,611,800
Services and supplies	970,115	1,355,200
Contribution to other agencies	10,000	25,600
Depreciation	<u>321,194</u>	<u>-</u>
Total expenditures	<u>3,039,006</u>	<u>2,992,600</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (445,327)</u>	<u>\$ (843,200)</u>

**Requests for Information:**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report should be addressed to the District Manager, Paradise Recreation and Park District, 6626 Skyway, Paradise CA 95969.

**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**PARADISE RECREATION AND PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 43,104,292
Deposits and other assets	<u>1,000</u>
Total current assets	<u>43,105,292</u>

## Noncurrent assets

Designated agency fund	2,891
Loan receivable	300,322
Capital assets, net	3,272,406
Right-of-use lease assets, net	<u>102,951</u>
Total noncurrent assets	<u>3,678,570</u>

## Total assets

46,783,862

**DEFERRED OUTFLOW OF RESOURCES**

Deferred outflow of resources from pensions	198,681
Deferred outflow of resources from OPEB	<u>24,338</u>

Total deferred outflow of resources 223,019

Total assets and deferred outflow of resources \$ 47,006,881

**LIABILITIES AND NET POSITION****LIABILITIES**

## Current liabilities

Accounts payable	\$ 94,268
Accrued payroll and liabilities	37,904
Deferred revenue	211,032
Deposits held for others	1,000
Lease liabilities, current portion	<u>1,758</u>

Total current liabilities 345,962

## Noncurrent liabilities

Compensated absences	57,344
Lease liabilities, net of current portion	101,734
Loan payable	60,061
Net pension liability	165,961
Other post-employment benefits	<u>414,918</u>

Total noncurrent liabilities 800,018

Total liabilities 1,145,980

**DEFERRED INFLOW OF RESOURCES**

Deferred inflow of resources from pensions 181,518

Total deferred inflow of resources 181,518

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

**PARADISE RECREATION AND PARK DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**NET POSITION**

Net invested in capital assets	3,271,865
Restricted	1,106,218
Unrestricted	<u>41,301,300</u>
Total net position	<u>45,679,383</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 47,006,881</u>

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**PARADISE RECREATION AND PARK DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**OPERATING REVENUES**

Program service fees	\$ 316,840
Property taxes	995,619
Impact and development fees	152,631
Grant and donations	566,157
Other operating revenues	<u>529,192</u>
Total operating revenues	<u>2,560,439</u>

**OPERATING EXPENSES**

Salaries and benefits	1,587,167
Services and supplies	970,115
Contribution to other agencies	10,000
Depreciation and amortization	<u>321,194</u>
Total operating expenses	<u>2,888,476</u>
Net operating income/(loss)	<u>(328,037)</u>

**NONOPERATING REVENUES/(EXPENSES)**

Investment income, net	<u>74,700</u>
Net nonoperating revenue/(expense)	<u>74,700</u>
Change in net position	(253,337)
Net position, beginning of year	45,334,042
<i>Restatement</i>	<u>598,678</u>
Net position, end of year	<u><u>\$ 45,679,383</u></u>

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



**FUND FINANCIAL STATEMENTS**

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**PARADISE RECREATION AND PARK DISTRICT**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,884,467	\$ 219,825	\$ 43,104,292
Deposits and other assets	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total assets	<u>42,885,467</u>	<u>219,825</u>	<u>43,105,292</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	94,268	-	94,268
Accrued payroll and liabilities	37,904	-	37,904
Deferred revenue	211,032	-	211,032
Deposits held for others	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total liabilities	<u>344,204</u>	<u>-</u>	<u>344,204</u>
<b>FUND BALANCES</b>			
Restricted			
Restricted for impact and development	886,393	-	886,393
Restricted for special projects	-	219,825	219,825
Unrestricted			
Assigned	610,000	-	610,000
Unassigned	<u>41,044,870</u>	<u>-</u>	<u>41,044,870</u>
Total net position	<u>42,541,263</u>	<u>219,825</u>	<u>42,761,088</u>
Total liabilities and net position	<u>\$ 42,885,467</u>	<u>\$ 219,825</u>	<u>\$ 43,105,292</u>

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

**PARADISE RECREATION AND PARK DISTRICT  
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Fund balances of governmental funds \$ 42,761,088

Amounts reported for governmental activities in the Statement of Net Position are different because:

Assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund financial statements.

Capital assets, net	3,272,406
Right-of-use lease assets, net	102,951
Loan receivable	300,322
Designated agency fund	2,891

Liabilities are not due and payable with current financial resources and therefore are not reported in the governmental funds.

Net pension liability and deferred inflows and outflows of resources	(148,798)
Net OPEB liability and deferred inflows and outflows of resources	(390,580)
Compensated absences payable	(57,344)
Lease liability payable	(103,492)
Loan payable	<u>(60,061)</u>

Net position of governmental activities	<u><u>\$ 45,679,383</u></u>
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**PARADISE RECREATION AND PARK DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Program service fees	\$ 316,840	\$ -	\$ 316,840
Property taxes	923,095	72,524	995,619
Impact and development fees	152,631	-	152,631
Grant and donations	566,157	-	566,157
Investment income, net	76,885	-	76,885
Other operating revenues	<u>529,192</u>	<u>-</u>	<u>529,192</u>
Total revenues	<u>2,564,800</u>	<u>72,524</u>	<u>2,637,324</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	1,737,697	-	1,737,697
Services and supplies	970,115	-	970,115
Interest expenditure	-	2,185	2,185
Contribution to other agencies	10,000	-	10,000
Capital outlay	<u>508,156</u>	<u>-</u>	<u>508,156</u>
Total expenditures	<u>3,225,968</u>	<u>2,185</u>	<u>3,228,153</u>
Excess/(deficiency) of revenues over expenditures	<u>(661,168)</u>	<u>70,339</u>	<u>(590,829)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Proceeds from leases	<u>105,764</u>	<u>-</u>	<u>105,764</u>
Total other financing sources/(uses)	<u>105,764</u>	<u>-</u>	<u>105,764</u>
Net change in net position	(555,404)	70,339	(485,065)
Net fund balance, beginning of year	45,196,210	137,832	45,334,042
<i>Restatement</i>	<u>(2,099,543)</u>	<u>11,654</u>	<u>(2,087,889)</u>
Net fund balance, end of year	<u>\$ 42,541,263</u>	<u>\$ 219,825</u>	<u>\$ 42,761,088</u>

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

**PARADISE RECREATION AND PARK DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balances of governmental funds \$ (485,065)

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

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 outlays	402,392
Depreciation and amortization	(321,194)

Some expenses and changes in deferred outflows and inflows of resources reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(13,069)
Net pension expenses	162,418
Net OPEB expenses	<u>1,181</u>
Change in net position - governmental activities	<u><u>\$ (253,337)</u></u>

**PARADISE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Paradise Recreation and Park District (the "District"), is a political subdivision of the State of California and was incorporated in 1948. The District provides recreation facilities and programs to the residents of Paradise, the Butte Creek Canyon area, and the unincorporated communities of Magalia, Paradise Pines, Concow, and Yankee Hill. The District encompasses approximately 172 square miles and manages nearly 500 acres of park land and facilities.

The District was formed under Section 5780-5791 of the *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.

**A. Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**B. Basis of Presentation**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations. The District's resources are accounted for in these individual funds based on the purpose for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund types discussed below:

**Governmental Fund Types** - Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***B. Basis of Presentation (Cont'd)***

Following are the District's governmental funds:

- **General Fund** - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government-type activities.
- **Special Projects Fund** - This fund manages funds obtained from special assessments intended for specific park and recreation facilities and operations.

***C. Restricted Assets***

Restricted assets are financial resources generated for a specific purpose, such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

***D. Budgetary Control***

The District's fiscal year is the 12-month period commencing on 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.

***E. 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. The District received approximately 38.88% of its operating revenue in 2022 from property taxes.

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. In return, the County, collects 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.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**F. Revenue Recognition**

Revenue from grants is recognized to the extent of incurred expenses, up to the grant ceiling. Any excess of expenses incurred over cash received is recorded as a receivable; any excess of cash received over expenses incurred is recorded as deferred revenue. The District uses the allowance method to determine uncollectible revenue. The allowance is based on prior years' experience and management's analysis of specific grant agreements, if applicable.

**G. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits in a financial institution, and deposits in the Butte County Treasury (County). The accounts at the financial institution includes money market accounts as well as an account that 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 some 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, 2022, the fair value of the pool is 0.97% of the carrying value, which amounted to a net decrease of \$41,452. The net change in fair value amounted to a decrease of \$46,509.42 for the year ended June 30, 2022. 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.

**H. 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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2022.



**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***H. Fair Value Measurements (Cont'd)***

- **Designated Agency Fund:** Each beneficiary in the investment pool held by North Valley Community Foundation (the Foundation) is assigned units based on the fair market value of the assets at the time they are transferred to the Foundation. Shares in the investment pool are valued daily based on the underlying securities owned. The investments in the investment pool are primarily made up of cash, cash equivalents, and mutual funds (level 2 inputs).

***I. Fund Balances***

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** - this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. prepaid expenses) or legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- **Committed Fund Balance** - this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (i.e. fund balance designations passed by board resolution).
- **Assigned Fund Balance** - this fund balance classification are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned Fund Balance** - this fund balance classification is the residual classification for the general fund.

***J. Capital Assets***

Capital assets are presented in the financial statements at their historical cost, or in the case of donated items, they are recorded at their fair market value on the date of donation. 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 expenses incurred for routine maintenance and repairs, which do not contribute to an asset's value increase or significantly extend its lifespan, are not capitalized. Notably, significant expenditures for capital assets and improvements are capitalized during project construction. Depreciation is recorded in the financial statements on the straight-line basis over the estimated useful life of the assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings	25 years
Building improvements	5-15 years
Equipment	5-7 years
Vehicles	7 years

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**K. Equity Classifications**

In the government-wide and proprietary fund financial statements, equity is classified as net position and divided into three components:

- **Net Investment in Capital Assets** - Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** - Consist of net position with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) laws through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "other purposes" are described in the Notes to the Basic Financial Statements (if any). The District does not have any restricted balance as of June 30, 2022.
- **Unrestricted Net Position** - All other net positions that do not meet the definition of "restricted" or "Net investment in capital assets."

**L. 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.

**M. 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.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**N. Deferred Revenue**

Activity fees paid prior to the utilization of the services are recorded as deferred revenue. Grants given, based on the expectation that specific expenses will be incurred, and for which the expenses have not yet been incurred as of the end of the fiscal year, are also recorded as deferred revenue.

**O. Compensated Absences**

Compensated absences represent the vested portion of accumulated vacation. The liability for accumulated leave includes all salary-related payments that are directly and incrementally connected with leave payments to employees, such as vacation and sick leave. A current liability has been recorded for these vested leave accruals, which are expected to be used within the next fiscal year. At June 30, 2022, a long-term liability of \$57,344 for unpaid vacation and sick leave has been recorded in the statement of net position.

**P. 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.

**Q. Postemployment Benefits other than Pensions**

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

**R. 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.

**S. Lease Liabilities**

On July 01, 2021, the District adopted GASB 87 - Leases and adopted the changes to conform to the provisions of GASB 87 Implementation Guide. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The District has lease primarily for office space. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the District uses its incremental borrowing rate at commencement date to determine the present value of future payments.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**T. Leases**

**Lessee**

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**Lessor**

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 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. The District also has cash in money market accounts at a financial institution and cash on hand. Cash and cash equivalents consisted of the following:

	<b>Maturities</b>	<b>Fair Value</b>
Petty Cash		\$ 300
Deposits (1)		41,229,859
<b>Investments That are Not Securities (2)</b>		
County Treasury investment pool	1.8 years average	1,874,133
Total cash and investments		<b>\$ 43,104,292</b>

- 1) **Deposits:** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.
- 2) **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, 2022 amounted to \$41,198,510. Deposits amounting to \$250,000 are covered by depository insurance with the Federal Deposit Insurance Corporation (FDIC), and the balance is subject to the collateralization agreement.

**Concentration of Credit Risk - Investments**

*California Government Code*, Section 53635, places the following concentration limits on the county investment pool:

No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding paper of any single issuer may be purchased.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - CASH AND INVESTMENTS - CONT'D**

**Concentration of Credit Risk - Investments - (Cont'd)**

*California Government Code*, Section 53601, places the following concentration limits on the District's investments:

No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in repurchase agreements or reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America.

The District has the following recurring fair value measurements as of June 30, 2022:

- County treasurer's investment pool of \$1,874,133 are valued using quoted prices for similar instruments in active market and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

**NOTE 3 - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the years ended June 30:

	Balance 2021	Additions	Deletions	Balance 2022
Capital assets, not being depreciated:				
Land	\$ 874,864	\$ 100,833	\$ -	\$ 975,697
Construction in progress	295,855	227,737	-	523,592
Total capital assets, not being depreciated	<u>1,170,719</u>	<u>328,570</u>	-	<u>1,499,289</u>
Capital assets, being depreciated:				
Buildings and improvements	5,750,913	-	-	5,750,913
Equipment	1,040,620	73,822	-	1,114,442
Total capital assets, being depreciated	<u>6,791,533</u>	<u>73,822</u>	-	<u>6,865,355</u>
Less: accumulated depreciation	<u>(4,773,857)</u>	<u>(318,381)</u>	-	<u>(5,092,238)</u>
Total capital assets, being depreciated, net	<u>2,017,676</u>	<u>(244,559)</u>	-	<u>1,773,117</u>
Total governmental activities capital assets, net	<u>\$ 3,188,395</u>	<u>\$ 84,011</u>	<u>\$ -</u>	<u>\$ 3,272,406</u>

Depreciation for the year ended June 30, 2022 was \$318,381.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 - RIGHT-OF-USE LEASE ASSETS**

The following is a summary of right-of-use lease assets for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>June 30, 2022</u>
Right-of-use lease assets	\$ -	\$ 105,764	\$ -	\$ 105,764
Less: accumulated amortization	-	(2,813)	-	(2,813)
Total	<u>\$ -</u>	<u>\$ 102,951</u>	<u>\$ -</u>	<u>\$ 102,951</u>

The amortization expense on right to use asset for the year ended June 30, 2022, was \$2,813.

**NOTE 5 - INTERFUND RECEIVABLE/(PAYABLE)**

Occasionally, the Special Projects Fund has been underwritten by the General Fund for operating costs not covered by the annual property tax assessment or developer fees. Any interfund receivable/(payable) represents the amount due to the General Fund for these costs.

**NOTE 6 - COMPENSATED ABSENCES**

The schedule of changes in compensated absences for the year ended June 30, 2022:

	<u>Balance July 01, 2021</u>	<u>Amount Earned</u>	<u>Amount Paid</u>	<u>Balance June 30, 2022</u>
Compensated absences	\$ 44,275	\$ 51,412	\$ (38,343)	\$ 57,344
Total	<u>\$ 44,275</u>	<u>\$ 51,412</u>	<u>\$ (38,343)</u>	<u>\$ 57,344</u>

**NOTE 7 - FEMA DISASTER LOAN**

On June 12, 2020, the District received and executed a promissory note with the Federal Emergency Management Agency (FEMA) to secure disaster loan assistance as part of the Community Disaster Loan program. The loan amounting to \$521,589, carries an annual interest rate at 0.0375%. The loan, if utilized, is due and payable on June 11, 2025.

Furthermore, as of September 30, 2021, all remaining balances of loans received from the Federal Emergency Management Agency are cancelled. On this date, the District's outstanding balance is recorded at \$461,680.

The District received a loan disbursement of \$59,909 on October 26, 2021. As of June 30, 2022, the District's outstanding obligation, combining both the principal and interest, amounts to \$60,061.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 - LINES OF CREDIT**

The following is a summary of the District's outstanding lines of credit:

	<u>Interest Rate</u>	<u>Credit Limit</u>	<u>Balance</u>
Mechanics Bank	13.24 %	\$ 25,000	\$ 1,160
Umpqua Bank	21.99 %	<u>25,000</u>	<u>9,103</u>
		<u>\$ 50,000</u>	<u>\$ 10,263</u>

The balances for the lines of credit are included in accounts payable, and are typically paid in full at the end of each month. The Umpqua Bank line of credit must be paid in full each month.

**NOTE 9 - LEASE LIABILITY**

For the year ended June 30, 2022, the financial statements include the adoption of Government Accounting Standards Board (GASB) Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about a government's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings 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 asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On September 01, 2021 the District entered into a 376 months lease agreement with County of Butte. An initial lease liability was recorded in the amount of \$105,764. As of June 30, 2022, the value of the lease liability is \$103,492. The lease has an interest rate of 3.25%.

	<u>Balance July 01, 2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2022</u>	<u>Due within one year</u>
Governmental activities:					
Lease liability	\$ -	\$ 105,764	\$ (2,272)	\$ 103,492	\$ 1,758
Total	<u>\$ -</u>	<u>\$ 105,764</u>	<u>\$ (2,272)</u>	<u>\$ 103,492</u>	<u>\$ 1,758</u>

Future minimum lease payments are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,758	\$ 3,337
2024	1,931	3,278
2025	2,034	3,213
2026	2,101	3,146
2027	2,171	3,077
2028-2032	11,977	14,263
2033-2037	14,714	12,116
2038-2042	17,533	9,494
2043-2047	21,268	6,367
Thereafter	<u>28,005</u>	<u>2,616</u>
	<u>\$ 103,492</u>	<u>\$ 60,907</u>



**PARADISE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 - 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 \$0.125 per \$100 assessed valuation in the 1977-78 fiscal year.

The District's Board established the appropriation limits for the 2021-2022 fiscal year to be \$3,317,222.

**NOTE 11 - GENERAL INFORMATION ABOUT THE PENSION PLAN**

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by an agency of the state of California. Qualified permanent and probationary employees are members of CalPERS.

**California Public Employees' Retirement System**

**Plan Description**

Qualified permanent and probationary employees of the District participate in the Miscellaneous Plan of PRPD (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**

Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members are required to contribute 7.00% of their salary, which is partially paid by the District depending on the employee group. The District is moving towards employees covering 100% of the employee portion. The required employer contribution for the 2021-22 fiscal year was 10.34%.

The District's contribution to CalPERS for the fiscal year ended June 30, 2022, was \$130,043.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, the District reported a net pension liability of \$165,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 - GENERAL INFORMATION ABOUT THE PENSION PLAN - CONT'D**

**Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Cont'd)**

The District's proportionate share of the net pension liability for the Plan as of June 30, 2022, and June 30, 2021, were as follows:

Proportion - June 30, 2021	0.00994%
Proportion - June 30, 2022	<u>0.00874%</u>
Changes- Increase/(Decrease)	<u><u>(0.00120)%</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$162,418. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows Resource</u>
Net Difference between projected and actual on pension plan	\$ -	\$ (144,875)
Changes in assumptions	-	-
Differences between expected and actual	18,611	-
Differences between District contributions and proportionate	-	(36,643)
Changes in District's proportions	50,027	-
District contributions subsequent to the measurement date	<u>130,043</u>	<u>-</u>
	<u>\$ 198,681</u>	<u>\$ (181,518)</u>

The \$130,043 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ (20,824)
2024	(22,849)
2025	(29,171)
2026	<u>(40,036)</u>
Total	<u>\$ (112,880)</u>

**PARADISE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 - GENERAL INFORMATION ABOUT THE PENSION PLAN - CONT'D**

**Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation for CalPERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal Cost Method
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; including inflation

**Discount Rate**

The discount rate used to measure the total pension liability 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. 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 Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

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+ 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.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 - GENERAL INFORMATION ABOUT THE PENSION PLAN - CONT'D**

**Discount Rate (Cont'd)**

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rate of Return Years 1 - 10</u>	<u>Rate of Return Years 11+</u>
Public equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	00.00%	0.77%	1.81%
Private equity	08.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	01.00%	0.00%	(0.92)%

- In the System's Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- An expected inflation of 2.00% used for this period.
- An expected inflation of 2.92% used for this period.
- Figures are based on previous ALM of 2017

**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 or higher, than the current rate:

	<u>Discount Rate-1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate+1%</u>
District's proportionate share of the net pension liability	\$ 479,111	\$ 165,961	\$ (92,916)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in CalPERS's separately issued Comprehensive Annual Financial Report.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The District provides post-employment health care benefits to qualifying employees through a single-employer defined benefit healthcare plan administered by CalPERS (the Plan). Employees hired before July 1, 1999 were eligible for post-retirement health coverage. Employees hired after July 1, 1999 may obtain health insurance coverage through CalPERS, but such coverage is not paid for by the District. The District contributes the statutory minimum (\$149 per month for calendar 2022; \$151 per month for 2023) on behalf of each eligible retiree who enrolls in a CalPERS medical plan.

**Employees Covered**

Employees covered by the benefit terms of the Plan consisted of:

<u>Covered Employees</u>	<u>No. of Employees</u>
Inactive Plan members or beneficiaries currently receiving benefit payment	7
Active Plan members	14
<b>Total</b>	<b>21</b>

**Contributions**

The District's required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in an irrevocable OPEB trust.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 1.92%. The discount rate is based on the index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better as required under GASB Statement No. 75.

**Net Other Post-Employment Benefits (OPEB) Liability**

The District's net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The total OPEB liability of the Plan was measured as of June 30, 2021, using the alternative measurement method. The June 30, 2022 total OPEB liability was based on the alternative measurement method and assumptions as shown below:

Valuation date	June 30, 2021
Actuarial cost method	Entry age, level percent of pay
Actuarial assumptions:	
Inflation rate	2.50%
Salary increases	3.00%
Discount rate	1.92%
Healthcare cost trend	5.20 percent for 2021 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONT'D**

**Changes in the Total OPEB Liability**

The changes in the total OPEB liability for the Plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2021	\$ 391,761	\$ -	\$ 391,761
Changes recognized for the measurement period:			
Service cost	6,931	-	6,931
Changes in assumptions or other inputs	28,535	-	28,535
Interest	9,501	-	9,501
Contributions-employer	-	21,810	(21,810)
Benefit payments	<u>(21,810)</u>	<u>(21,810)</u>	<u>-</u>
Net change in total OPEB liability	<u>23,157</u>	<u>-</u>	<u>23,157</u>
Balance at June 30, 2022	<u>\$ 414,918</u>	<u>\$ -</u>	<u>\$ 414,918</u>

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the District's net OPEB liability calculated using the discount rate of 1.92% as well as the District's total OPEB liability if it was calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current rate:

	<u>Discount Rate-1% (0.92%)</u>	<u>Discount Rate 1.92%</u>	<u>Discount Rate+1% (2.92%)</u>
Total OPEB liability	\$ 465,833	\$ 414,918	\$ 373,110

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate**

The following presents the District's total OPEB liability calculated using the healthcare cost trend rate as well as the District's net OPEB liability if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Discount Rate-1% (4.20%)</u>	<u>Discount Rate 5.20%</u>	<u>Discount Rate+1% (6.20%)</u>
Total OPEB liability	\$ 371,865	\$ 414,918	\$ 467,138

**OPEB Expense**

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,181, as calculated by the actuarial valuation in their report.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 - POST-EMPLOYMENT BENIFITS OTHER THAN PENSION BENIFITS - CONT'D**

***Alternative Measurement Method Assumptions***

The alternative valuation method of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan, and the annual required contributions of the employer, are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

**NOTE 13 - RISK MANAGEMENT**

The District has obtained general liability, auto liability, property, boiler and machinery coverage, and public officials' errors and omissions insurance through the California Association for Park and Recreation Insurance (CAPRI), a risk-sharing joint powers authority. CAPRI maintains a self-insured retention (SIR) of \$1,000,000 for its general and auto liability insurance. CAPRI has contracted out for the additional insurance coverage as listed below:

General liability	\$ 25,000,000
Auto liability	\$ 25,000,000
Public officials' errors and omissions	\$ 25,000,000
Property	\$ 25,000,000
Earthquake	\$ 5,000,000
Flood	\$ 10,000,000

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies (excess liability) for claims up to \$10,000,000 for general and automobile liability and all risk property insurance, including boiler and machinery coverage, which is subject to a \$2,000 deductible occurrence payable by the District. Earthquake and Flood claims are subject to a \$50,000 deductible per occurrence.

Financial statements for CAPRI are available at the District's office for fiscal year ending June 30, 2021. The District has obtained workers' compensation insurance through the California Association for Park and Recreation Insurance (CAPRI), a risk-sharing joint powers authority. Membership in the California Association of Recreation and Park Districts is required when applying for CAPRI.

**PARADISE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 - RESTATEMENT**

Adjustments resulting from change in fund financial statements proprietary funds to governmental funds, are treated as prior period adjustments. Accordingly, the District reports these changes as restatements of beginning fund balance.

Following are the prior period, adjustments have been made in the District's financial statements to record the proper beginning fund balance and net position:

	<u>Net position</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Beginning net position and fund balance as previously reported at June 30, 2022	\$ 45,334,042	\$ 45,196,210	\$ 137,832
Prior period adjustments:			
County cash not correctly recorded in prior years	598,678	587,024	11,654
Adjustment in fund balance due to change in financial statement presentation	-	(2,686,567)	-
Net position and fund balance as restated, July 01, 2022	<u>\$ 45,932,720</u>	<u>\$ 43,096,667</u>	<u>\$ 149,486</u>

**NOTE 15 - SUBSEQUENT EVENTS**

The District has evaluated subsequent events through March 27, 2024, the date at which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION**

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**PARADISE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Program service fees	\$ 206,500	\$ 316,840	\$ 110,340
Property taxes	718,000	923,095	205,095
Impact and development fees	120,000	152,631	32,631
Grant revenue	642,000	566,157	(75,843)
Investment income, net	251,900	76,885	(175,015)
Donations	55,300	-	(55,300)
Other operating revenues	<u>407,600</u>	<u>529,192</u>	<u>121,592</u>
Total revenues	<u>2,401,300</u>	<u>2,564,800</u>	<u>163,500</u>
<b>Expenditures</b>			
Current			
Salaries and benefits	1,611,800	1,737,697	(125,897)
Services and supplies	1,355,200	970,115	385,085
Contributions to other agencies	25,600	10,000	15,600
Capital outlays	-	508,156	(508,156)
Total expenditures	<u>2,992,600</u>	<u>3,225,968</u>	<u>(233,368)</u>
Excess/(deficiency) of revenues over expenditures	<u>(591,300)</u>	<u>(661,168)</u>	<u>(69,868)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Proceeds from leases	-	105,764	105,764
Net nonoperating revenue/(expense)	-	105,764	105,764
Change in net position	<u>\$ (591,300)</u>	<u>\$ (555,404)</u>	<u>\$ 35,896</u>

See accompanying notes to required supplementary information.

**PARADISE RECREATION AND PARK DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE LAST 10 YEARS\***

	<b>2022</b>
Proportionate share percentage of collective net pension liability (%)	0.009 %
Proportionate share of collective net pension liability	\$ 165,961
<b>Covered payroll</b>	<b>\$ -</b>
<b>Proportionate share of the net pension liability as a percentage of covered payroll</b>	<b>- %</b>
Plan fiduciary net position as a percentage of the total pension liability	93.00 %

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30

*\* Fiscal year 2022 was the 1st year of implementation; ten years of information will be presented as data became available.*

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**PARADISE RECREATION AND PARK DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
FOR THE LAST TEN YEARS\***

	<b>2022</b>
Actuarially determined contribution	\$ 130,043
Actual contributions during the measurement period	(130,043)
Contribution deficiency/(excess)	\$ 260,086
Covered employee payroll	\$ -
Contributions as a percentage of covered employee payroll	- %

\* Fiscal year 2022 was the 1st year of implementation; ten years of information will be presented as data became available.

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**PARADISE RECREATION AND PARK DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE LAST 10 YEARS\***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Total OPEB Liability:</b>		
Service cost	\$ 6,931	\$ 6,729
Interest	9,501	9,561
Differences between expected and actual experience	-	-
Changes of assumptions	28,535	-
Benefit payments	<u>(21,810)</u>	<u>(15,963)</u>
Net change in total OPEB liability	23,157	327
Total OPEB Liability - beginning	<u>391,761</u>	<u>391,434</u>
Total OPEB Liability - ending	<u><u>\$ 414,918</u></u>	<u><u>\$ 391,761</u></u>
OPEB-eligible payroll for the measurement period	\$ 665,462	\$ 369,026
Total OPEB Liability as a % of eligible payroll	62.35 %	106.16 %

\* Fiscal year 2021 was the 1st year of implementation; ten years of information will be presented as data became available.

**PARADISE RECREATION AND PARK DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 include all revisions approved by the Board of Directors.

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**COMPLIANCE SECTION**

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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**

To the Board of Directors  
Paradise Recreation and Park District  
Paradise, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, and each major fund of the Paradise Recreation and Park District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 opinions 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.

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 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. 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.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of This Report**

The purpose of this report is solely to describe the scope of our 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.

Oakland, California  
March 27, 2024

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PARADISE RECREATION AND PARK DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported
- Noncompliance material to financial statements noted? No

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PARADISE RECREATION AND PARK DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2022

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

There are no findings in the current year to report.

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**PARADISE RECREATION AND PARK DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Prior Year Findings</b>	<b>Status</b>
2021-01 Property and equipment - control deficiency	Resolved
2021-02 Unrecorded liabilities - control deficiency	Resolved

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## Staff Report

April 11, 2024



DATE: 4/8/2024  
TO: Finance Committee  
FROM: Sarah Hoffman, Administrative Assistant III  
SUBJECT: Generic RFP Templates

### Summary

The District has many upcoming projects, both through professional services and construction projects. In order to help staff get through the RFP process quicker, they have created templates for a professional services RFP and a construction RFP. Neither template has been vetted by the attorney but will be sent out prior to the next meeting.

**Recommendation:** Provide Staff with feedback.

### Attachments:

- A. Professional Services RFP Template
- B. Construction RFP Template (zip file is online)

[https://paradisepd.sharepoint.com/sites/BODMeeting/Shared Documents/\\_Committee.Finance/2024/FC\\_24.0411/BOD.RFP.Templates.24.0408.docx](https://paradisepd.sharepoint.com/sites/BODMeeting/Shared Documents/_Committee.Finance/2024/FC_24.0411/BOD.RFP.Templates.24.0408.docx)  
4/9/2024

# Request for Proposals

Click or tap here to enter text.

## for the Paradise Recreation and Park District

**Proposal Release Date**

Click to enter date.

**Pre-Proposal Conference**

Click to enter date and time.

**Last Date/Time for Questions**

Click to enter date and time.

**Proposals Due Date:**

Click to enter date and time.

**Submit Proposals via email to:**

[Info@ParadisePRPD.com](mailto:Info@ParadisePRPD.com)

Paradise Recreation and Park District  
6626 Skyway  
Paradise, CA 95969

### **I. Introduction**

The Paradise Recreation and Park District (the District) is requesting proposals for professional services to prepare a **Project Name (PROJECT)** As explained below in Section II, PROJECT that is the subject of this RFP.

The goal of this PROJECT is to Click or tap here to enter text and describe the goal of the project.

Please refer to Section II below describing the overall PROJECT. Section III provides information about the Paradise Recreation and Park District; Section IV provides the anticipated scope of work and deliverables for this PROJECT; Section V provides a budget and schedule for completing the PROJECT; Section VI details the proposal submittal and selection process; and Section VII provides the District’s contract terms and conditions.

Proposals must be submitted via email no later than Click or tap to enter a date and time.. Consultants must have relevant expertise, experience, and an approach that demonstrates their ability to provide the required services. Proposals will be evaluated and ranked according to the criteria provided in Section VI.

### **II. PROJECT BACKGROUND**

Click or tap here to enter text to describe the project background.

### **III. Paradise Recreation and Park District**

The boundaries of the Paradise Recreation and Park District, incorporated as an independent special district in 1948, encompass about 169 square miles of rugged and diverse Sierra Nevada foothill terrain, including portions of the Butte Creek and West Branch Feather River Canyons, the Town of Paradise, the adjacent ridge community of Magalia and, to the east, the Concow Basin. Ownership of lands within the District is mostly private, along with scattered Forest Service, BLM and local government holdings of varying sizes. Sierra Pacific Industries is a substantial landowner in the Concow Basin.

The District, managing over 1,000 acres of park land and facilities, provides a full range of recreational programs for all age groups throughout the year and is continually revising the program offerings to reflect changing preferences of District residents. Prior to the Camp Fire the District served nearly 50,000 residents; the number currently served in this post-fire period is about 22,000 but growing as the area rebuilds. The District currently has 14 full-time employees and approximately 45 part-time and seasonal employees.

Approximately 90 percent of the District's service area was partially or severely burned in the 2018 Camp Fire. The proposed project will respond to the broad need to rehabilitate damaged lands in an environmentally sensitive manner that reflects the changing climate.

#### IV. Scope of Services

This section describes the services and deliverables anticipated for the PROJECT. Consultants are encouraged to expand upon or reorganize the following tasks provided any proposed changes serve the primary goals of [Click or tap here to enter text of Project deliverable elements or associated tasks.](#) Consultants should anticipate an iterative approach with District staff to prepare PROJECT, **with at least two reviews prior to a final draft.**

- A. [Click or tap here to enter text list of deliverables.](#)
- B. [Click or tap here to enter text describing the need for public outreach. If not needed delete.](#)
- C. [Click or tap here to enter text to describe existing data available to consultant. Delete if not needed.](#)

#### V. Budget and Schedule

The District has allocated \$**.....** for this PROJECT. The District requires a deadline of [Click or tap to enter a date.](#) for the project. Please provide a schedule of proposed work and submittals and anticipated cost for each with your proposal.

#### VI. Submittal and Selection Process

##### A. Pre-Proposal Meeting

An online pre-proposal meeting will be held via Zoom, on [Click or tap to enter a date and time.](#) The purpose of the meeting is to present the project to interested consultants and answer questions. All applicants are urged to attend. Those planning to attend the pre-proposal meeting are requested to email their contact information to **PROJECT CONTACT NAME AND EMAIL ADDRESS** before [Click or tap to enter a date and time.](#),

and they will be provided with a meeting invitation. The meeting will be recorded and posted at the District's project web site along with a Question-and-Answer page to disseminate all received questions by end of business on [Click or tap to enter a date and time..](#)

## B. Submittal Requirements

Proposals must be received via email in pdf format no later than [Click or tap to enter a date and time..](#) Proposals should be emailed to: **CONTACT EMAIL ADDRESS**. Please include the following in your proposal:

1. A scope of work with associated schedule and costs for each task.
2. Discussion of PROJECT with anticipated data needs and requirements.
3. **Discussion of approach to public and graphical presentation.**
4. Please provide the following evidence of consultant qualifications:
  - A description of the consultant team qualifications, relevant experience and billing rates
  - Three writing samples (or internet links to writing samples)
  - Three relevant recommendations supporting the consultant's ability to complete the project.

## C. Evaluation Criteria

The following weighting and points will be assigned to this Request for Proposal for evaluation purposes:

<b>Criteria</b>	<b>Description</b>	<b>Max Points</b>
Completeness and Quality of Proposal	Ability of the proposer to comply with all instructions in the RFP. Proposal is professionally presented and tailored to meet District needs with no evident deficiencies.	5
Project Understanding and Approach	Proposal demonstrates understanding of the project, objectives, and deliverables.	10
Scope of Services	The proposal will detail the tasks and scope to complete the project. Work plan outlines how each stage will be completed in a logical fashion and how it may integrate with information from task partners or other members of the project team.	25
Qualifications of Personnel and Partners	Respondent and team members to be assigned to the project have relevant knowledge, experience, and qualifications with demonstrated experience working with municipal agencies on similar types of projects. Resumes of key staff and recent, relevant references provided.	10
Experience and Resources	Respondent has sufficient existing resources, capacity, and expertise to complete the task and has the experience with similar scale projects and complexity. Respondent demonstrates familiarity in the project area including	10



<b>Criteria</b>	<b>Description</b>	<b>Max Points</b>
	previous work conducted in or near the District boundaries.	
Past Performance/References	Respondent must be able to demonstrate favorable Past Performance / References with comparable governmental entities and projects.	5
Project Schedule	Proposal includes a detailed project schedule with milestones and associated deliverables that match project scope.	10
Project Cost	Proposed project costs and fee schedules include a detailed cost breakdown and estimates for each stage and type of service to be provided, and a proposed strategy for containing costs while still meeting objectives. Scoring will consider competitive cost estimates and value-added features for set-budget projects.	25
<b>Total</b>		<b>100</b>

Issuance of this RFP and receipt of proposals does not commit the District to award a contract. The District expressly reserves the right to postpone proposal opening for its own convenience, to accept or reject any and/or all proposals received in response to this RFP, to negotiate with more than one respondent concurrently, or to cancel all or part of this proposal.

The District further reserves the right to negotiate material aspects of proposals received, including costs, services and scheduling, when determined to be in the best overall interest of the District.

District will confirm receipt of submitted on-time proposals. The selection committee will review, score, and make recommendations. The process will be subject to District procurement policies for professional services.

#### D. Proposal Reviews, Interviews and Selection

District staff and project stakeholder team will review proposals and conduct interviews. Based on the Evaluation Criteria in Section VI.D above and the District's judgement, consultants will be selected for an in-person interview. Please note that the District is open to suggestions on how the Scope of Services may be improved provided modifications will serve to ensure the efficient and successful completion of the PROJECT. With the interview, we look forward to an open discussion about the consultant's qualifications and the proposed approach to the PROJECT.

## VII. Contract Terms and Conditions

Respondents are responsible to become familiar with all instructions, terms, conditions, and contract documents governing this Request for Proposal, including the District's standard

Consultant Services Agreement, a copy of which is available in Section VIII below. Successful respondent shall be required to sign the District's standard Consultant Services Agreement prior to commencement of work.

The District will work the consultant to establish a final task list for billing purposes that conforms with the requirements of the [Click or tap here to enter text with the funding agency's name.](#) Delete if not grant funded. funding this project.

#### A. Term

The term of this contract shall begin [Click or tap to enter a date.](#) and will expire on [Click or tap to enter a date.](#) with the option to extend the contract for one (1) year upon written amendment.

#### B. Acceptance and Payment

The successful Consultant invoice(s) shall include reference to the project number issued for the services and be accompanied by detailed supporting documentation regarding services rendered. District shall pay the consultant's properly executed invoice, subject to approval by the District Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any services which do not meet or exceed District requirements or have proven unacceptable until such services are corrected, resubmitted, and accepted by the District.

#### C. Federal, State, and Local Laws

The Consultant shall comply with all applicable federal, state, and local laws, rules, and regulations.

#### D. Ownership of Work Product

All reports, studies, information, data, forms, designs, plans, procedures, systems and any other materials or properties produced for this project shall be the sole and exclusive property of the District. No such materials or properties produced, in whole or in part, shall be subject to private use, copyrights, or patent rights by respondent without the express written consent of the District.

### **VIII Standard Consultant Services Agreement**

**[CLICK TO ENTER YEAR.](#) CONSULTING AGREEMENT  
BETWEEN THE PARADISE RECREATION AND PARK DISTRICT AND  
THE [CLICK TO ENTER TEXT.](#)**

This agreement is executed by and between Paradise Recreation and Park District, a California recreation and park district (the "District"), and [Click or tap here to enter text.](#) (the "Consultant"), and is based upon the following facts:

A. District desires to engage Consultant as an independent contractor to perform services on the terms and conditions set forth below.

B. Consultant desires to accept such engagement as an independent contractor for District on the terms and conditions set forth below.

In consideration of the foregoing facts, the recital of which is incorporated below by this reference as though fully set forth, and of the mutual conditions, covenants and promises set forth below, the parties agree as follows:

1. **Scope of Services.** District hereby engages Consultant to provide services as described in the attached scope of work (the "Services"), a copy of which is attached hereto as Exhibit "A." Upon mutual agreement, the Services may be amended to allow for changes under this agreement with all other terms remaining in force.

2. **Standard of Care.** Consultant's services performed under this agreement will be performed in a manner consistent with the care and skill ordinarily exercised by members of Consultant's profession practicing under similar conditions at the same time and in the same or similar locality. When the findings and recommendations of Consultant are based on information supplied by District and others, such findings and recommendations are correct to the best of Consultant's knowledge and belief. No person or entity other than District and Consultant shall be construed as a beneficiary to this Agreement.

3. **Status as Independent Contractor.** District and Consultant agree that Consultant, in performing the above services, is an independent contractor of District and is not an employee of the District and nothing herein at any time shall be construed to create the relationship of employer-employee or of joint venturers between District and Consultant. Under no circumstances shall Consultant look to District as an employer or as a partner. Consultant shall not be entitled to any benefits accorded to District's employees, including, without limitation,

Workers' Compensation, disability insurance, vacation or sick pay. Consultant shall be free to perform similar or other services for other persons during the term hereof so long as such does not interfere with Consultant's timely performance of the services to be performed by it under this Agreement.

4. **Term.** The term of this agreement shall commence upon Click or tap to enter a date. hereof and conclude by Click or tap to enter a date. and/or sooner or when the scope of work is completed. Notwithstanding the foregoing, this Agreement may be terminated by either party by written notice should the other party fail substantially to perform its obligations under this agreement and continue such default after the expiration of a seven-day notice period. Either party may terminate this agreement without necessity of cause upon the expiration of a 30-day notice period. If the District terminates this Agreement in the absence of default by Consultant, Consultant shall be paid for services performed and costs incurred by it prior to its receipt of notice of termination from District, including reimbursement for direct expenses due, plus an additional amount, not to exceed ten percent of charges incurred to the termination notice date, to cover services to orderly close the work and prepare project files and documentation, plus any additional direct expenses incurred by Consultant including but not limited to cancellation fees or charges. Consultant will use reasonable efforts to minimize such additional charges. This agreement may be extended for \_\_\_\_year upon mutual agreement of both parties.

5. **Payment.** District agrees to pay Consultant the total not to exceed sum of \$Click to enter text or modify to reflect cost arrangement., payable in installments upon completion of each task and delivery of the Deliverables therefor as identified in Exhibit "A." Exhibit B illustrates the cost schedule and or budget used for this project.

6. **Insurance Coverage.** Consultant is protected by Worker's Compensation insurance as required by applicable state laws and will maintain employer's liability coverage and provide the District with proof of this coverage. During the performance of this Agreement

Consultant will maintain professional liability insurance with a limit of \$2 million on claims made, annual aggregate basis, and commercial general liability and automobile liability insurance each with a limit of not less than \$2 million on an occurrence basis and provide the District with a certification of insurance naming the District as additional insured and an additional insured endorsement.

7. **Services by District.** District will provide access to the site of work. If necessary, District shall designate to Consultant the location of all subsurface utility lines and other subsurface man-made objects (in this agreement collectively called "buried utilities") within the boundaries of the jobsite. Consultant will conduct at District's expense such additional research as in Consultant's professional opinion is appropriate to attempt to verify the location of buried utilities at the jobsite, but District shall remain responsible for the accurate designation of their location and, shall indemnify, defend, and hold Consultant harmless from any claims or loss arising from the failure to accurately locate buried utilities.

8. **Compliance with Laws.** District and Consultant shall each use reasonable care in its efforts to comply with laws, codes, ordinances and regulations in force at the time of the performance by each under this Agreement, insofar as such laws are applicable to a party's performance. Unless otherwise provided for in the scope of work of this agreement or by law, the responsibility for making any disclosures or reports to any third party, for notifying all governmental authorities of the discovery of hazardous materials on the jobsite, and for taking corrective, remedial, or mitigative action shall be solely that of District. It is Consultant's belief that the work is not subject to California Prevailing Wage Law, unless expressly identified as such within the scope of work. Should it be alleged or determined that some or all of the work is subject to California Prevailing Wage Law, then Consultant shall bear such additional costs associated with Consultant complying with those laws.

9. **No Authority to Act as Agent.** Consultant acknowledges and agrees that it has no implied, inherent or apparent authority to act as an agent for District or bind District in any manner other than in performing the above services or to in any way obligate or bind the District. Consultant further covenants that it shall not make any implied or actual representations to any other person that it has any such authority.

10. **Indemnification.** Consultant hereby agrees to indemnify and hold District free and harmless of and from any and all claims, demands, causes of action, actions, liability, damages, costs and expenses, including attorney's fees incurred by District in enforcing this provision or in defending itself, arising out of or in any way connected with its performance of the above services, whether resulting from its willful acts or negligence.

11. **General Provisions.**

a. This agreement shall constitute the entire agreement between the parties as to the subject matter hereof.

b. This agreement shall not be assigned by either party without advance written permission from the other party.

c. This agreement shall not be revised without the written consent of either party.

d. If any provision or portion thereof contained in this agreement is held unconstitutional, invalid or unenforceable, the remainder of this agreement, or portion thereof, shall be deemed severable and shall not be affected and shall remain in full force and effect.

e. This agreement shall be interpreted and construed in accordance with the laws of the State of California.

f. Either party’s failure to enforce any provision or provisions of this agreement shall not be in any way construed as a waiver of any such provision or provisions or prevent that party thereafter from enforcing each and every other provision of this agreement.

g. Should litigation or arbitration be brought to enforce the terms of this agreement, the prevailing party will be entitled to costs and reasonable attorney’s fees.

Executed by signatures on the dates below.

**DISTRICT:**

Paradise Recreation and Park District, a California recreation and park district

\_\_\_\_/\_\_\_\_/\_\_\_\_

By: \_\_\_\_\_

Date:

Daniel S. Efseaff, District Manager

**CONSULTANT:**

Click to enter text or modify to reflect cost arrangement.,  
a California \_\_\_\_\_

\_\_\_\_/\_\_\_\_/\_\_\_\_

By: \_\_\_\_\_

Date:

Name, Title





**CONSULTANT AGREEMENT**  
**Exhibit A – SCOPE OF WORK**

**DESCRIPTION OF COOPERATION**

Click here to enter text.

**CONSULTANT**

The following describes the role and responsibilities and scope of work and/or services that Cooperator will provide to the District.

Click to enter text or modify to reflect cost arrangement.

**TASKS**

The work will include the following tasks:

- Task 1 - Click to enter text or modify to reflect cost arrangement..
  - Description – Add additional tasks as needed.

Completed by Click or tap to enter a date.

**DISTRICT (if needed)**

The following describes the role and responsibilities and the scope of work and/or services that District will provide.

Click here to enter text.

The work will include the following tasks:

- Task 1 - Click here to enter text..
  - Description – Add additional tasks as needed.
  - Completed by Click to enter a date (optional may be included in Exhibit B).

**CONSULTANT AGREEMENT**

**Exhibit B – Cost Schedule or Budget**

The Cooperator will provide services according to the following budget:

<b>Task</b>	<b>Description</b>	<b>Cost</b>	<b>Due Date</b>
<b>Total Cost</b>			

This project will not exceed a total cost of \$[Click to enter text or modify to reflect cost arrangement.](#)

The Cooperator's will bill according to the attached cost schedule. [Click to enter text or modify to reflect cost arrangement.](#)