
FINANCE COMMITTEE MEETING

Tom Lando and Chris Norden

Thursday, February 22, 2024 – 3:30 P.M.

If you need an accommodation to participate in this meeting, please call (530) 895-4711

Agenda posted prior to 4:00 PM Monday, February 19, 2024

A G E N D A

A. Call to Order

B. Public Comments

Members of the public may address the Committee at this time on any matter not already listed on the Agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

C. Monthly Financial Report for December and January 2023 (Staff Report FI-24-005)

The Committee will review and recommend to the Board of Directors approval of the Monthly Financial Reports.

D. Fiscal Year 2022-2023 Audit (Staff Report FI-24-006)

The Committee will review and recommend to the Board of Directors the acceptance of the audit report for FY 2022-2023.

E. Neighborhood Parks Levy Administration (Staff Report FI-24-007 and Resolution 24-004)

The Committee will review and recommend to the Board of Directors Resolution 24-004. This Resolution directs SCI Consulting Group to prepare the Engineer's Report for the Landscape and Lighting Assessment Districts. This is the first step in a three-step process in levying the annual assessments for fiscal year 2024-25.

F. Aquatic Design Scope (Staff Report FI-24-008)

District staff will provide an update on the Aquatics project and discuss the scope of the design contract.

G. Change Order for Tyler Technology Implementation (Staff Report FI-24-009)

District Staff are requesting additional hours for the Tyler Technology software implementation.

H. Director Comments

Opportunity for the Committee to comment on items not listed on the agenda.

I. Adjournment

Adjourn to the next scheduled Finance Committee Meeting.



BOARD OF DIRECTORS

Finance Committee

STAFF REPORT

DATE: February 22, 2024
TO: Board of Directors
FROM: Angie Carpenter
SUBJECT: December Monthly Financials

ANALYSIS

Highlights of the December financial reports:

- The majority of property tax proceeds were collected in December, increasing the District's Cash balance ~\$6.3M.
- Investment income, on page 8, continues to be better than expected due to the performance of the investment in CA Class. The average yield dipped to 5.45% over the past month.
- Revenue overall is 73% for the year, as noted on page 9. Aquatics and Other Income are trending below the 50% mark due to the winter season and will begin to trend up in the spring.
- On page 10, Worker's Compensation expenses are higher than projected.
- Operating expenses are 57% of the budget (page 11); some of the expenses will be included in January's financials report due to the timing of the software implementation. Annual expenses paid in full and planned purchases of computers and equipment are inflating the YTD percentage.
 - o Equipment contains \$28,700 for lighting and sound equipment for the Ice Rink that will be reimbursed.
 - o Contract services contain ~\$150K of contract instructor payments. The income offsets are in Camps and Classes.
 - o Transportation is higher than budgeted. However, the income offsets are similar to Contract Services.
 - o Water and Electricity expenses have decreased for the winter months, while Gas will start to trend high during the same period.
 - o Sewer expenses are billed quarterly and will be reflected in the January report.



FINANCIAL STATEMENTS

FISCAL YEAR 2023/2024

**CHICO AREA RECREATION AND PARK DISTRICT
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CHICO AREA RECREATION AND PARK DISTRICT
 BALANCE SHEET SUMMARY - ALL FUNDS
 DECEMBER 2023



	GENERAL FUND	COMMUNITY PARK FEES	PARK IMPACT FUND	INDIGO PARK	OAK WAY PARK	PETERSON PARK	BARONI PARK	MEMORANDUM TOTALS ONLY
ASSETS								
CASH	17,169,226	6,148,252	427,219	-	-	-	38,626	23,783,323
FMV ADJUSTMENT (GENERAL FUND)	202,167	-	-	-	-	-	-	-
RECEIVABLES	202,167	-	49,875	-	-	-	-	252,042
DUE FROM OTHER FUNDS	133,245	4,635,419	-	-	-	-	-	4,768,664
TOTAL CURRENT ASSETS	17,504,637	10,783,671	477,094	-	-	-	38,626	28,804,029
FIXED ASSETS	45,130,450	-	-	-	-	-	-	45,130,450
ACCUMULATED DEPRECIATION	(18,470,446)	-	-	-	-	-	-	(18,470,446)
SUBTOTAL	26,660,004	-	-	-	-	-	-	26,660,004
TOTAL ASSETS	44,164,642	10,783,671	477,094	-	-	-	38,626	55,464,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES - GASB 68	1,186,655	-	-	-	-	-	-	1,186,655
LIABILITIES								
ACCOUNTS PAYABLE	17,940	-	-	-	-	-	-	17,940
ACCRUED EXPENSES	353,008	-	-	-	-	-	-	353,008
DUE TO OTHER FUNDS	-	-	7,125	29,521	12,203	23,660	60,735	133,245
OTHER LIABILITIES	138,163	-	-	-	-	-	-	138,163
TOTAL CURRENT LIABILITIES	509,111	-	7,125	29,521	12,203	23,660	60,735	642,356
LONG-TERM DEBT								
NET PENSION LIABILITY	657,142	-	-	-	-	-	-	657,142
LIABILITY FOR COMPENSATED ABSENCES	263,428	-	-	-	-	-	-	263,428
SUBTOTAL	920,570	-	-	-	-	-	-	920,570
TOTAL LIABILITIES	1,429,681	-	7,125	29,521	12,203	23,660	60,735	1,562,926
LIABILITY FOR COMPENSATED ABSENCES	-	-	-	-	-	-	-	-
SUBTOTAL	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	920,570	-	-	-	-	-	-	920,570
TOTAL DEFERRED INFLOWS OF RESOURCES - GASB 68	755,205	-	-	-	-	-	-	755,205
FUND BALANCE								
RESTRICTED	-	10,434,760	465,219	-	-	-	38,626	10,938,605
SPENDABLE - COMMITTED	2,500,000	-	-	-	-	-	-	2,500,000
SPENDABLE - UNASSIGNED	11,903,308	-	-	-	-	-	-	11,903,308
NON-SPENDABLE	31,188,472	-	-	-	-	-	-	31,188,472
FUND BALANCE	45,591,779	10,434,760	465,219	-	-	-	38,626	56,530,384
TOTAL NET INCOME (LOSS)	2,678,812	-	4,750	(5,063)	(80,304)	(65,755)	(64,626)	2,467,814
CURRENT YEAR NET INVESTMENT IN CAPITAL ASSETS	(1,334,898)	22,618	-	-	-	-	-	(1,334,898)
TOTAL FUND BALANCE	46,935,693	10,434,760	469,969	(5,063)	(80,304)	(65,755)	(26,000)	57,663,300

CHICO AREA RECREATION AND PARK DISTRICT
SUMMARY - ALL FUNDS
DECEMBER 2023



	GENERAL FUND	PARK IMPACT FUND	OAK WAY PARK	PETERSON PARK	BARONI PARK	INDIGO PARK	MEMORANDUM TOTALS ONLY
REVENUE							
FEE BASED PROGRAM INCOME	2,575,737	-	-	-	-	-	2,575,737
OTHER INCOME	322,806	-	-	-	-	-	4,958,225
RDA PASSTHROUGH	932,541	-	-	-	-	-	932,541
INVESTMENT INCOME	187,622	-	-	-	-	-	187,622
TAX INCOME / COUNTY	4,828,307	-	-	-	-	-	4,828,307
PARK IMPACT FEES	-	11,875	-	-	-	-	11,875
ASSESSMENTS	-	-	-	-	-	5,103	-
OPERATING TRANSFER IN	-	-	-	-	-	-	-
TOTAL REVENUE	8,847,014	11,875	-	-	-	5,103	13,494,308
EXPENSE							
SALARIES & BENEFITS	3,955,295	-	60,410	39,089	53,303	-	4,108,097
SERVICES & SUPPLIES	1,793,845	-	19,894	26,667	11,323	-	1,856,792
CONTRIB. TO OTHER AGENCIES	12,865	-	-	-	-	40	12,865
TOTAL EXPENSE	5,762,006	-	80,304	65,755	64,626	40	5,977,754
NET REVENUE BEFORE SPECIAL EXPENSE	3,085,008	11,875	(80,304)	(65,755)	(64,626)	5,063	7,516,554
SPECIALLY ALLOCATED ITEMS							
DEPRECIATION	406,196	-	-	-	-	-	406,196
FAIR MARKET VALUE ADJUSTMENT	-	-	-	-	-	-	-
TOTAL SPECIALLY ALLOCATED	406,196	-	-	-	-	-	406,196
REVENUE OVER (UNDER)	2,678,812	11,875	(80,304)	(65,755)	(64,626)	5,063	7,110,358
CAPITAL ASSETS AND REPAIR PROJECTS							
CAPITAL / REPAIR PROJECTS	4,079,741	-	-	-	-	-	4,079,741
CAPTIAL PROJECTS REIMBURSEMENT	2,744,843	-	-	-	-	-	3,260,902
NET CAPITAL PROJECTS	(1,334,898)	-	-	-	-	-	(1,850,957)
TOTAL REVENUE OVER (UNDER) EXPENDITURES	1,343,914	11,875	(80,304)	(65,755)	(64,626)	5,063	5,259,400

CHICO AREA RECREATION AND PARK DISTRICT
GENERAL FUND - FUND 2490
BALANCE SHEET
DECEMBER 2023

	DECEMBER 2023	DECEMBER 2022	Increase (Decrease)	
			\$ Change	% Change
ASSETS				
CASH				
CASH ON DEPOSIT WITH COUNTY (GENERAL FUND)	2,799,498	6,381,895	(3,582,397)	-56%
CASH - GOLDEN VALLEY BANK	4,672,049	849,090	3,822,959	450%
CASH ON DEPOSIT WITH California CLASS (GENERAL FUND)	2,581,126	-	2,581,126	0%
CASH - GOLDEN VALLEY BANK CD (GENERAL FUND)	7,117,541	-	-	0%
PETTY CASH	800	800	-	0%
SUBTOTAL	17,169,226	7,297,057	9,872,169	135%
FMV ADJUSTMENT (GENERAL FUND)	-	-	-	0%
ACCOUNTS RECEIVABLE	202,167	1,590,475	(1,388,308)	-87%
DUE FROM OTHER FUNDS				
DUE TO GENERAL FUND FROM OTHER FUNDS	222,978	217,397	5,581	0%
TOTAL CURRENT ASSETS	17,594,371	9,104,929	8,489,442	93%
FIXED ASSETS				
LAND	11,634,791	11,634,791	-	0%
FIXED ASSETS				
LAND IMPROVEMENTS	29,167,208	28,357,507	809,701	3%
LEASEHOLD IMPROVEMENTS	2,011,184	1,098,163	913,021	83%
EQUIPMENT	1,136,728	1,070,014	66,714	6%
EQUIPMENT - COMPUTERS	296,192	296,192	-	0%
EQUIPMENT - AUTOS	573,090	474,688	98,402	21%
CONSTRUCTION IN PROGRESS	311,258	349,579	(38,321)	-11%
SUBTOTAL	45,130,450	43,280,933	1,849,517	4%
ACCUMULATED DEPRECIATION	(18,470,446)	(17,002,299)	(1,468,146)	9%
SUBTOTAL	26,660,004	26,278,634	381,370	1%
TOTAL ASSETS	44,254,375	35,383,563	8,870,812	25%
TOTAL DEFERRED OUTFLOWS OF RESOURCES - GASB 68				
	1,186,655	1,186,655	-	0%

FOOTNOTES:

CHICO AREA RECREATION AND PARK DISTRICT
GENERAL FUND - FUND 2490
BALANCE SHEET
DECEMBER 2023

LIABILITIES	DECEMBER 2023	DECEMBER 2022	Increase (Decrease)	
			\$ Change	% Change
ACCOUNTS PAYABLE				
ACCOUNTS PAYABLE	17,940	5,518		
ACCOUNTS PAYABLE - REFUNDS	-	-	0	
ACCOUNTS PAYABLE	17,940	5,518	12,422	225%
ACCRUED EXPENSES				
ACCRUED PAYROLL	(276,553)	62,170	(338,724)	0%
PAYROLL FEDERAL TAXES	77,447	5,447	72,000	1322%
PAYROLL STATE TAXES	26,029	1,384	24,645	1780%
PAYROLL EMPLOYEE MEDI & FICA	97,187	6,033	91,154	1511%
PAYROLL EMPLOYER MEDI & FICA LIAB	97,094	5,866	91,229	1555%
PAYROLL SDI	683	860	(177)	-21%
PAYROLL GARNISHMENTS	(2,357)	(33,629)	31,272	-93%
UNION DUES - SUPERVISORS	(2,442)	94	(2,536)	-2709%
UNION DUES - PARKS	3,594	1,662	1,932	0%
457 EMPLOYEE CONTRIBUTIONS	4,410	4,094	317	8%
457 ROTH EMPLOYEE CONTRIBUTIONS	(2,225)	-	(2,225)	0%
EMPLOYEE VOLUNTARY LIFE/AD&D	25	-	25	0%
EMPLOYEE MEDICAL WITHHOLDINGS	143,663	(1,531)	145,194	-9485%
VOUCHERS PAYABLE ACCRUAL	138,647	-	138,647	0%
ACCRUED EXPENSES	353,008	52,449	300,559	573%
DUE TO OTHER FUNDS				
DUE TO OTHER FUNDS FROM GENERAL FUND	4,635,419	-	4,635,419	0%
OTHER LIABILITIES				
DEFERRED REVENUE	77,848	877,861	(800,013)	-91%
OTHER LIAB - CLASS CLEARING ACCT	2,289	3,423	(1,134)	-33%
PREPAID FACILITY TRANSFER	(1,091)	-	(1,091)	0%
SECURITY DEPOSITS	42,312	47,050	(4,738)	-10%
TIME EXPIRED HOLDING ACCT	16,806	8,403	8,403	100%
SUBTOTAL	138,163	936,737	(798,574)	-85%
TOTAL CURRENT LIABILITIES	5,144,530	994,704	4,149,826	417%
LONG-TERM DEBT				
NET PENSION LIABILITY	657,142	657,142	-	0%
LIABILITY FOR COMPENSATED ABSENCES	263,428	263,428	-	0%
SUBTOTAL	920,570	920,570	-	0%
TOTAL LIABILITIES	6,065,100	1,915,274	4,149,826	217%
TOTAL DEFERRED INFLOWS OF RESOURCES - GASB 68	755,205	755,205	-	0%

FUND BALANCE

CHICO AREA RECREATION AND PARK DISTRICT
GENERAL FUND - FUND 2490
BALANCE SHEET
DECEMBER 2023

	DECEMBER 2023	DECEMBER 2022	Increase (Decrease)	
			\$ Change	% Change
SPENDABLE - COMMITTED				
SPENDABLE - COMMITTED - GENERAL RESERVE	2,500,000	2,600,000	(100,000)	-4%
SUBTOTAL	2,500,000	2,600,000	(100,000)	-4%
SPENDABLE - UNASSIGNED	11,903,308	1,300,774	10,602,534	815%
NON-SPENDABLE	31,188,472	27,479,110	3,709,362	13%
TOTAL FUND BALANCE - GENERAL FUND	45,591,779	31,379,884	14,211,896	45%
NET INCOME (LOSS)				
GENERAL FUND	2,678,812	(364,593)	3,043,405	-835%
TOTAL LIABILITIES AND FUND BALANCE	55,090,896	33,685,770		
TOTAL NET INCOME (LOSS)	2,678,812	(364,593)	3,043,405	-835%
CURRENT YEAR NET INVESTMENT IN CAPITAL ASSETS	(1,334,898)	22,618	(1,357,516)	-6002%
TOTAL FUND BALANCE	46,935,693	30,992,672	15,943,020	51%

CHICO AREA RECREATION AND PARK DISTRICT
EXECUTIVE SUMMARY
GENERAL FUND - FUND 2490
DECEMBER 2023
REPRESENTS 50% OF THE YEAR

	2023-2024 BUDGET	MONTH DECEMBER 2023	% OF BUDGET	2023-2024 YTD	2023-2024 % BUDGET	Remaining Budget	2022-2023 BUDGET	2022-2023 YTD	2022-2023 % BUDGET	DIFF. BY YEAR
REVENUE										
FEE BASED PROGRAM INCOME	4,427,500	687,096	0.0%	2,575,737	58.2%	1,851,763	3,526,835	1,789,973	50.8%	785,764
OTHER INCOME	818,500	64,042	0.0%	322,806	39.4%	495,694	664,865	415,273	62.5%	(92,467)
RDA PASSTHROUGH	1,600,000	926,076	0.0%	932,541	58.3%	667,459	1,600,000	845,351	52.8%	87,190
INVESTMENT INCOME	100,000	12,091	11.3%	187,622	187.6%	-	45,000	-	0.0%	187,622
TAX INCOME / COUNTY	5,150,000	4,526,145	0.0%	4,828,307	93.8%	321,693	4,655,000	2,227,155	47.8%	2,601,152
TOTAL REVENUE	12,096,000	6,215,451	0.1%	8,847,014	73.1%	3,336,608	10,491,700	5,277,753	50.3%	3,569,261
OPERATING EXPENDITURES										
SALARIES AND BENEFITS	8,581,325	632,244	5.6%	3,955,295	46.1%	4,626,030	7,320,959	3,442,146	47.0%	513,149
SERVICES AND SUPPLIES	3,170,480	182,449	149.9%	1,793,845	56.6%	1,376,635	3,779,402	1,985,094	52.5%	(191,248)
OPERATING TRANSFER OUT	200,000	-		-			267,934	-		
CONTRIB. TO OTHER AGENCIES	15,000	-	0.0%	12,865	85.8%	2,135	15,000	9,997	66.6%	2,868
CONTINGENCIES	20,000	-	0.0%	-	0.0%	20,000	20,000	-	0.0%	-
TOTAL OPERATING EXPENDITURES	11,986,805	814,693	43.7%	5,762,006	48.1%	6,024,799	11,483,976	5,437,237	47.3%	324,769
NET REVENUE BEFORE SPEC. EXP.	109,195	5,400,757	-4783.5%	3,085,008		-	(992,276)	(159,484)		3,244,492
SPECIALLY ALLOCATED ITEMS										
DEPRECIATION	-	406,196	0.0%	406,196	0.0%	-	-	435,434	0.0%	(29,238)
FAIR MARKET VALUE ADJUSTMENT	-	-	0.0%	-	0.0%	-	-	(230,324)	0.0%	230,324
TOTAL SPECIALLY ALLOCATED	-	1,220,889	0.0%	406,196	0.0%	-	-	205,109	0.0%	201,087
REVENUE OVER (UNDER) EXPENDITURES	109,195	4,179,868	-4800.0%	2,678,812			(992,276)	(364,593)		3,043,405

CHICO AREA RECREATION AND PARK DISTRICT
REVENUE SUMMARY
GENERAL FUND - FUND 2490
DECEMBER 2023
REPRESENTS 50% OF THE YEAR

	2023-2024 BUDGET	DECEMBER 2023	2023-2024 YTD	2023-2024 % BUDGET	Remaining Budget	2022-2023 BUDGET	2022-2023 YTD	2022-2023 % BUDGET	DIFF. BY YEAR
FEE BASED PROGRAM INCOME									
AFTER SCHOOL & CAMP PROGRAMS									
AFTERSCHOOL	2,730,000	558,322.69	1,366,198	50.0%	1,363,802	2,052,225	1,059,508	51.6%	300,980
CAMPS	448,000	22,441	373,909	83.5%	74,091	301,300	236,722	78.6%	121,135
RECREATION ADMIN	50,000		81,240	162.5%	-	-	-	0.0%	-
SUBTOTAL	3,228,000	580,764	1,821,347	56.4%	1,437,893	2,353,525	1,296,229	55.1%	422,114
AQUATICS	165,000	-	56,855	34.5%	108,145	160,570	40,330	25.1%	16,526
CLASSES									
GENERAL CLASSES	147,500	21,233	99,480	67.4%	48,020	147,260	80,445	54.6%	7,270
COMMUNITY BAND	2,000	-	-	0.0%	2,000	2,000	2,303	115.2%	(2,303)
YOUTH CLASSES	50,000	65	7,388	14.8%	42,612	65,000	22,971	35.3%	(15,406)
SUBTOTAL	199,500	21,298	106,868	53.6%	44,612	214,260	105,719	49.3%	(10,439)
ADULT SPORTS									
PROGRAM FEE INCOME	200,000	11,679	128,991	64.5%	71,009	232,942	100,354	43.1%	22,234
SUBTOTAL	200,000	11,679	128,991	64.5%	71,009	232,942	100,354	43.1%	22,234
NATURE CENTER									
PROGRAM FEE INCOME	325,000	5,686	178,433	54.9%	146,567	256,840	157,325	61.3%	21,801
SUBTOTAL	325,000	5,686	178,433	54.9%	146,567	510,980	157,325	30.8%	21,801
ICE RINK									
PROGRAM FEE INCOME	-	3,725	80,915	0.0%	-	-	-	0.0%	-
SUBTOTAL	-	3,725	80,915	0.0%	-	-	-	0.0%	-
OTHER PROGRAMS									
SCHOLARSHIPS	(25,000)	13,000	(4,388)	17.6%	-	(25,000)	(4,276)	17.1%	(112)
SPECIAL EVENTS	50,000	6,997	58,789	117.6%	-	30,000	17,720	59.1%	41,069
SENIOR ADULT PROGRAMS	25,000	10,728	12,123	48.5%	12,877	32,500	6,469	19.9%	5,655
YOUTH SPORTS	260,000	33,220	213,992	82.3%	46,008	250,000	170,607	68.2%	43,385
SUBTOTAL	310,000	63,945	319,640	103.1%	58,884	287,500	190,369	66.2%	90,147
TOTAL FEE BASED PROGRAMS	4,427,500	687,096	2,564,058	57.9%	1,915,130	3,526,835	1,789,973	50.8%	562,383
OTHER INCOME									
FACILITY RENTAL INCOME	475,000	46,567	248,075	52.2%	226,925	444,865	216,820	48.7%	(5,157)
REBATES & REIMBURSED COSTS	38,500	16,450	17,787	46.2%	-	30,000	31,520	105.1%	(13,733)
REIMBURSEMENTS - CITY PARKS	290,000	-	-	0.0%	290,000	180,000	145,841	81.0%	(145,841)
MISCELLANEOUS	5,000	1,025	51,294	1025.9%	-	-	11,876	0.0%	39,418
ENDOWMENTS	10,000	-	4,606	46.1%	5,394	10,000	5,597	56.0%	(990)
DONATIONS	-	1	1,045	0.0%	-	-	3,620	0.0%	(2,575)
TOTAL OTHER INCOME	818,500	64,042	322,807	39.4%	522,319	664,865	415,273	62.5%	(128,879)
REVENUE FROM OTHER AGENCIES									
RDA PASSTHROUGH	1,600,000	926,076	932,541	58.3%	667,459	1,600,000	845,351	52.8%	(838,887)
INVESTMENT INCOME	100,000	12,091	187,623	187.6%	-	45,000	-	0.0%	175,531
TAX INCOME / COUNTY	5,150,000	4,526,145	4,826,757	93.7%	323,243	4,655,000	2,227,155	47.8%	(1,926,543)
TAX INCOME	-	-	1,550	0.0%	-	-	-	0.0%	1,550
TOTAL REVENUE FROM OTHER AGENCIES	6,850,000	5,464,313	5,948,471	86.8%	990,702	6,300,000	3,072,506	48.8%	(2,588,348)
TOTAL REVENUE	12,096,000	6,215,451	8,883,412	73.4%	3,428,151	10,491,700	5,277,753	50.3%	(2,154,844)

**CHICO AREA RECREATION AND PARK DISTRICT
SALARIES AND BENEFITS SUMMARY
GENERAL FUND - FUND 2490
DECEMBER 2023
REPRESENTS 50% OF THE YEAR**

	2023-2024 BUDGET	DECEMBER 2023	2023-2024 YTD	2023-2024 % BUDGET	2022-2023 BUDGET	2022-2023 YTD	2022-2023 % BUDGET	DIFF. BY YEAR
SALARIES								
FULL-TIME SALARIES	3,500,000	410,639	1,879,481	53.7%	3,055,000	1,508,170	49.4%	(39,328)
PART-TIME SALARIES	3,425,000	138,119	1,346,214	39.3%	2,731,000	1,296,735	47.5%	(88,640)
ACCUMULATED LEAVE	40,000	-	-	0.0%	41,000	-	0.0%	-
INSTRUCTORS	10,000	6,009	8,567	85.7%	53,000	37,342	70.5%	(28,775)
SUBTOTAL	6,975,000	554,767	3,234,262	46.4%	5,880,000	2,842,247	48.3%	(156,744)
BENEFITS								
FICA	537,075	41,980	246,532	45.9%	445,000	206,863	46.5%	(2,311)
RETIREMENT	625,000	39,278	363,533	58.2%	629,000	364,218	57.9%	(39,963)
HEALTH INSURANCE	645,000	26,779	174,566	27.1%	565,400	229,600	40.6%	(81,813)
UNEMPLOYMENT INSURANCE	20,000	-	-	0.0%	30,000	-	0.0%	-
* WORKERS COMP INSURANCE	120,000	-	134,851	112.4%	120,000	106,963	89.1%	27,888
ALLOCATION TO OTHER FUNDS	(340,750)	(30,560)	(183,362)	53.8%	(348,441)	(307,746)	88.3%	154,944
SUBTOTAL	1,606,325	77,477	736,121	45.8%	1,440,959	599,899	41.6%	58,745
TOTAL SALARIES AND BENEFITS	8,581,325	632,244	3,970,383	46.3%	7,320,959	3,442,146	47.0%	(97,998)

* Workers Comp Insurance is paid in July for the Fiscal Year

**CHICO AREA RECREATION AND PARK DISTRICT
SERVICES AND SUPPLIES SUMMARY
GENERAL FUND - FUND 2490
DECEMBER 2023
REPRESENTS 50% OF THE YEAR**

	2023-2024 BUDGET	DECEMBER 2023	2023-2024 YTD	2023-2024 % BUDGET	Remaining Budget	2022-2023 BUDGET	2022-2023 YTD	2022-2023 % BUDGET	DIFF. BY YEAR
SERVICES AND SUPPLIES									
MARKETING	50,000	11,592	29,511	59.0%	20,489	44,000	9,945	22.6%	7,974
UNIFORM APPAREL	25,000	7,253	12,299	49.2%	12,701	8,000	6,722	84.0%	(1,675)
PROGRAM APPAREL	54,500	4,892	9,131	16.8%	45,369	-	5,793	0.0%	(1,553)
COMMUNICATIONS	70,000	8,862	27,549	39.4%	42,451	52,358	28,853	55.1%	(10,166)
* INSURANCE	340,600	-	371,571	109.1%	-	270,000	292,512	108.3%	79,058
TECHNOLOGY SOFTWARE	100,000	4,858	64,878	64.9%	35,122	105,000	45,286	43.1%	7,534
TECHNOLOGY HARDWARE	30,000	12,324	29,495	98.3%	505	30,000	19,105	63.7%	(1,933)
EQUIPMENT MAINTENANCE	50,500	2,789	27,280	54.0%	23,220	23,250	15,133	65.1%	9,358
EQUIPMENT	44,500	1,585	66,640	149.8%	-	-	-	0.0%	-
VEHICLE MAINTENANCE	25,000	713	9,596	38.4%	15,404	18,000	10,583	58.8%	(1,700)
STRUCTURE & GROUNDS	250,000	13,736	78,099	31.2%	171,901	190,950	81,046	42.4%	(16,683)
VANDALISM	5,000	-	1,716	34.3%	3,284	5,460	1,098	20.1%	618
MEMBERSHIP/PERIODICALS	-	-	9,000	0.0%	-	-	-	0.0%	9,000
SERVICES	506,000	24,475	229,280	45.3%	276,720	-	-	0.0%	-
CONTRACT SERVICES	490,880	17,687	309,152	63.0%	181,728	716,616	270,960	37.8%	20,505
LEGAL NOTICES	1,000	210	505	50.5%	495	1,000	254	25.4%	41
RECRUITMENT	20,000	107	7,576	37.9%	12,424	25,000	5,329	21.3%	2,141
RENT/LEASE STRUCTURES	2,000	-	1,000	50.0%	1,000	2,000	500	25.0%	500
SMALL TOOLS	25,000	1,088	9,335	37.3%	15,665	3,900	11,202	287.2%	(2,955)
RENT/LEASE EQUIPMENT	-	230	1,230	0.0%	-	2,000	500	25.0%	-
PROFESSIONAL DEVELOPMENT	40,000	-	8,975	22.4%	31,025	28,000	15,980	57.1%	1,995
MISCELLANEOUS	10,000	380	2,854	28.5%	7,146	10,000	3,593	35.9%	(1,118)
SUPPLIES	340,000	9,404	125,306	36.9%	214,694	-	-	0.0%	-
HOSPITALITY	20,000	-	3,602	18.0%	16,398	5,000	2,751	55.0%	(1,360)
FUEL	60,000	420	35,596	59.3%	24,404	50,000	25,590	51.2%	9,586
TRANSPORTATION	4,000	-	4,313	107.8%	-	3,700	1,980	53.5%	2,333
DIST OFFICE BOARD MTG EXP	10,000	600	2,400	24.0%	7,600	10,000	3,175	31.8%	(1,375)
USE TAX	1,500	-	-	0.0%	1,500	1,500	-	0.0%	-
TRAVEL	10,000	1,260	1,260	12.6%	8,740	10,000	2,313	23.1%	(2,313)
SUBTOTAL	2,585,480	124,465	1,479,148	57.2%	1,169,985	1,615,734	860,202	53%	107,810
UTILITIES									
WATER	160,000	23,246	105,438	65.9%	54,562	151,521	58,890	38.9%	23,302
ELECTRICITY	330,000	28,967	205,943	62.4%	124,057	309,072	181,370	58.7%	(4,394)
GAS	75,000	5,772	11,847	15.8%	63,153	79,992	20,284	25.4%	(14,209)
SEWER	20,000	-	5,074	25.4%	14,926	7,349	4,147	56.4%	928
SUBTOTAL	585,000	57,985	328,303	56.1%	256,697	547,934	264,690	48.3%	5,628
TOTAL SERVICE & SUPPLY	3,170,480	182,449	1,807,451	57.0%	1,426,682	3,779,402	1,985,094	52.5%	221,249

* Insurance is paid in July for the Fiscal Year

**CHICO AREA RECREATION AND PARK DISTRICT
CAPITAL PROJECTS / FIXED ASSETS SUMMARY
DECEMBER 2023
REPRESENTS 50% OF THE YEAR**

	ORIGINAL 2023-2024 BUDGET	REVISED 2023-2024 BUDGET	2023-2024 YTD	2023-2024 % BUDGET	Remaining Budget
CAPITAL PROJECTS					
DISTRICT WIDE - ADA Compliance Upgrades	135,000	135,000	4,045	3.0%	130,955
DISTRICT WIDE - Deferred Maintenance	150,000	150,000	22,916	15.3%	127,084
DISTRICT WIDE - Irrigation Smart Controller Upgrades	115,000	115,000	5,700	5.0%	109,300
CARD CENTER - Roof & Exterior Repair/Painting	200,000	200,000	-	0.0%	200,000
COMMUNITY PARK - Field House Wall Padding	27,600	27,600	-	0.0%	27,600
DEGARMO PARK - Replace Soccer Goals	25,000	25,000	24,967	99.9%	33
LAKESIDE - Blinds	17,250	17,250	13,178	76.4%	4,072
LAKESIDE - Carpet Replacement	45,000	45,000	-	0.0%	45,000
ROTARY PARK - Replace 5-12 Play Structure	155,250	155,250	-	0.0%	-
AQUATICS - Design Phase	1,700,000	1,700,000	360,487	21.2%	1,339,513
LAKESIDE - Permanent Projectors	23,000	23,000	6,225	27.1%	16,775
COMMUNITY PARK - Renovate & Expand Maintenance Hub	1,300,000	1,300,000	7,811	0.6%	1,292,189
COMMUNITY PARK - Bocce Ball Court	856,000	856,000	893,858	104.4%	-
DFJ - Chapman Park Renovation	3,112,000	3,112,000	2,334,627	75.0%	777,373
HOOKER OAK - Playground	192,000	192,000	807	0.4%	191,193
PETERSON - Playground	198,240	198,240	10,035	5.1%	188,205
CARD CENTER - ADA Upgrades - Parking Lot	112,700	112,700	76,506	67.9%	36,194
SUBTOTAL CAPITAL PROJECTS	8,364,040	8,364,040	3,761,160	45.0%	4,485,488
FIELD/PROGRAM EQUIPMENT					
DeGarmo Painter Replacement	8,050	8,050	6,786	84.3%	1,264
Gator Replacement	13,500	13,500	13,261	98.2%	239
Wood Chipper Replacement	85,000	85,000	60,774	71.5%	24,226
New Standing Mower	15,000	15,000	12,521	83.5%	2,479
New Gator (Wildwood)	13,500	13,500	13,261	98.2%	239
Movie Equipment	19,000	19,000	18,000	94.7%	1,000
SUBTOTAL FIELD/PROGRAM EQUIPMENT	154,050	154,050	124,602	80.9%	29,448
VEHICLES					
New Vehicle (Roving Crew)	40,000	40,000	38,938	97.3%	1,062
Vehicle Replacement (2 Trucks)	80,000	80,000	73,951	92.4%	6,049
Vehicle Replacement (Utility Truck)	75,000	75,000	69,986	93.3%	5,014
Trailer	15,000	15,000	11,104	74.0%	3,897
SUBTOTAL VEHICLES	210,000	210,000	193,979	92.4%	16,021
TOTAL CAPITAL PROJECTS/FIXED ASSETS	8,728,090	8,728,090	4,079,741	46.7%	4,648,349
CAPITAL PROJECTS REIMBURSEMENT					
Prop 68 Grant	2,612,000	2,612,000	1,490,498	57.1%	1,121,502
Dev. Impact Fees	3,229,000	3,229,000	1,254,345	38.8%	1,974,655
Neighborhood Impact Fees	706,250	706,250	-	0.0%	706,250
CPRS Grant	150,000	150,000	-	0.0%	150,000
General Fund Unassigned Fund Balance	2,030,840	2,030,840	-	0.0%	2,030,840
TOTAL CAPITAL PROJECTS REIMBURSEMENT	8,728,090	8,728,090	2,744,843	31.4%	5,983,247
TOTAL EXPENSE (OVER) UNDER REIMBURSEMENTS	-	-	(1,334,898)	0.0%	1,334,898

Finance Committee

STAFF REPORT

DATE: February 22, 2024
TO: Board of Directors
FROM: Angie Carpenter
SUBJECT: Fiscal Year 2022-2023 Audit

BACKGROUND

The attached audit report for fiscal year 2022-2023 is submitted for review and comment.

RECOMMENDATION

That the Board accept the audit report for fiscal year 2022-2023 as prepared by Chavan & Associates, LLP.

**CHICO AREA RECREATION
AND PARK DISTRICT**
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

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Chico Area Recreation and Park District
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Chico Area Recreation and Park District
Chico, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Chico Area Recreation and Park District (the "District") as of and for the year ended June 30, 2023 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities of Chico Area Recreation and Park District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 one year after the date that the financial statements are issued.

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 opinion. 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 GAAS 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 GAAS, 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 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, as listed in the table of contents, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 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 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 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.

C & A LLP

January 24, 2024
Morgan Hill, California

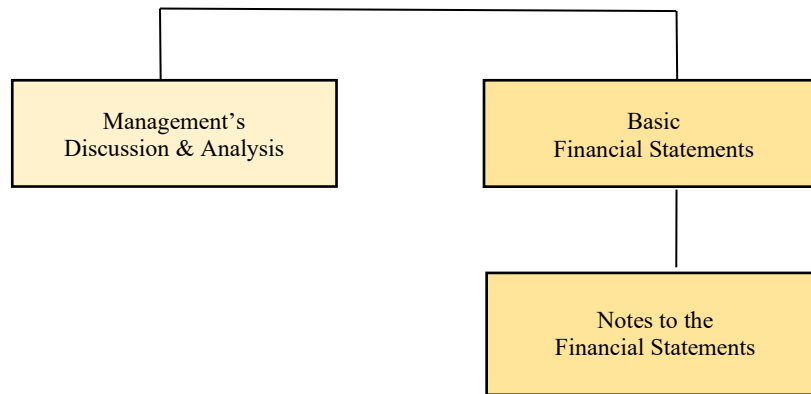
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Management’s Discussion and Analysis (MD&A) is a required section of the District’s annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2023. This report will (1) focus on significant financial issues, (2) provide an overview of the District’s financial activity, (3) identify changes in the District’s financial position, (4) identify any individual issues or concerns, and (5) provide descriptions of significant asset and liability activity.

This information, presented in conjunction with the Basic Financial Statements, is intended to provide a comprehensive understanding of the District’s operations and financial standing.

Required Components of the Annual Financial Report



FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS

- Total net position increased by \$6,942,378 from the last fiscal year.
- The District's assets exceeded its liabilities by \$45,182,094, excluding deferred inflows and outflows of resources. Assets and deferred outflows of resources totaled \$52,319,410 and liabilities and deferred inflows of resources were \$4,773,101.
- Net position consisted of \$28,329,215 classified as net investment in capital assets; \$11,862,099 as restricted; and \$7,354,995 as unrestricted net position.
- Total revenues were \$18,352,825 which consisted of operating revenues totaling \$11,941,106 and nonoperating revenues totaling \$6,411,719.
- Total District operating expenses were \$11,410,447.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the Management's discussion and analysis report, the independent auditor’s report and the basic financial statements of the District. The financial statements also include notes that explain the information in the financial statements in more detail.

THE BASIC FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District's accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Fund Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Position. This statement reflects the result of the District's operations over the past year as well as non-operating revenues and expenses.

The final required Financial Statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, capital and investing activities. It also provides answers to questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information, other than the MD&A, follows the Notes and includes pension schedules and other postemployment benefit schedules.

SUPPLEMENTARY INFORMATION

Combining and individual fund statements are included to provide additional information of the proprietary funds that constitute the District's basic financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

NET POSITION

The following table summarized the District's ending net position:

Table 1 - Net Position				
	2023	2022	Dollar Change	Percent Change
Assets				
Current and other assets	\$ 21,543,973	\$ 16,808,611	\$ 4,735,362	28.2%
Capital assets - net	28,329,215	26,714,068	1,615,147	6.0%
Total Assets	\$ 49,873,188	\$ 43,522,679	\$ 6,350,509	14.6%
Deferred Outflows of Resources				
	2,446,222	1,186,655	\$ 1,259,567	106.1%
Liabilities				
Current and other liabilities	1,348,509	2,429,628	\$ (1,081,119)	-44.5%
Noncurrent liabilities	3,342,585	920,570	2,422,015	263.1%
Total Liabilities	\$ 4,691,094	\$ 3,350,198	\$ 1,340,896	40.0%
Deferred Inflows of Resources				
	82,007	755,205	\$ (673,198)	-89.1%
Net Position				
Net investment in capital assets	\$ 28,329,215	\$ 26,714,068	\$ 1,615,147	6.0%
Restricted	11,862,099	6,064,991	5,797,108	95.6%
Unrestricted	7,354,995	7,824,872	(469,877)	-6.0%
Total Net Position	\$ 47,546,309	\$ 40,603,931	\$ 6,942,378	17.1%

As of June 30, 2023, the largest portion of the Authority's total net position was the net investment in capital assets, which increased by \$1,615,147, mostly because of construction in progress completion that increased leasehold improvements, and structures and improvements by \$1,673,264, net of depreciation totaling \$844,178.

Noncurrent liabilities increased by \$2,422,015 primarily due to an increase in the net pension liability of \$2,459,755.

Table 2 below summarizes the District's changes in net position for the year.

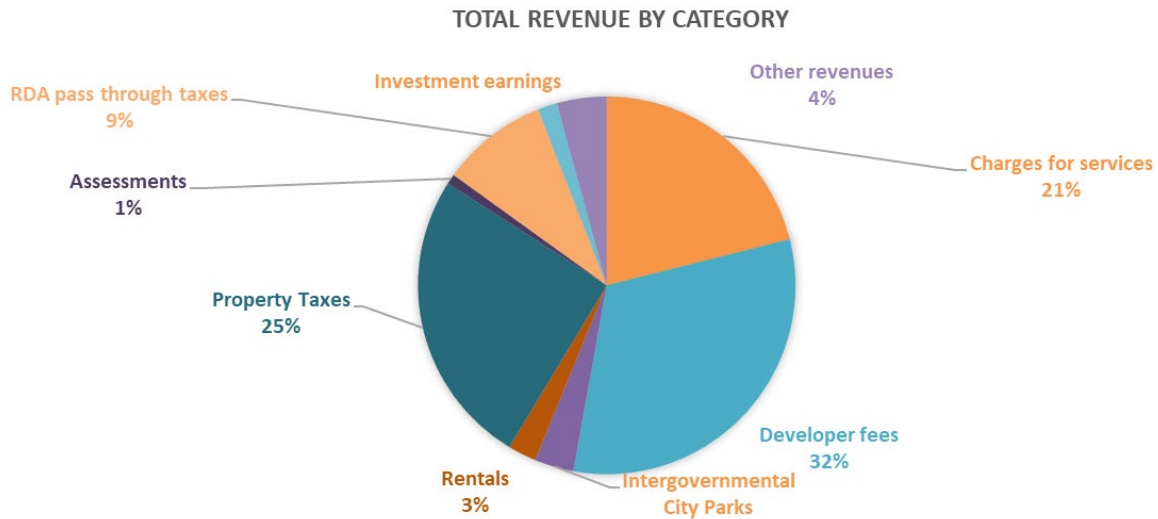
Table 2 - Statement of Changes in Net Position				
Functions/Programs	2023	2022	Dollar Change	Percent Change
Operating Revenues				
Charges for services	3,998,689	3,292,589	\$ 706,100	21.45%
Developer fees	6,030,860	3,381,107	2,649,753	78.37%
Intergovernmental City Parks	635,552	18,195	617,357	3393.00%
Rentals	464,994	410,249	54,745	13.34%
Other revenues	811,011	189,277	621,734	328.48%
Total Operating Revenues	11,941,106	7,291,417	4,649,689	63.77%
Operating Expenses				
Salaries and benefits	7,619,303	4,929,354	2,689,949	54.57%
Services and supplies	2,936,967	2,378,815	558,152	23.46%
Contributions to other agencies	9,997	6,411	3,586	55.94%
Depreciation and amortization	844,180	858,504	(14,324)	-1.67%
Total Operating Expenses	11,410,447	8,173,084	3,237,363	39.61%
Operating Income (Loss)	530,659	(881,667)	1,412,326	160.19%
Nonoperating Revenues (Expenses)				
Property Taxes	4,827,855	4,509,289	318,566	7.06%
Assessments	163,585	160,388	3,197	1.99%
RDA pass through taxes	1,734,349	1,593,211	141,138	8.86%
Investment earnings	(314,070)	6,407	(320,477)	-5001.98%
Total Nonoperating Revenues (Expenses)	6,411,719	6,269,295	142,424	2.27%
Increase / (Decrease) in Net Position	6,942,378	5,387,628	1,554,750	28.86%
Net Position, Beginning of Year	40,603,931	35,216,303	5,387,628	15.30%
Net Position, End of Year	\$ 47,546,309	\$ 40,603,931	\$ 6,942,378	17.10%

The Statement of Revenues, Expenses and Changes in Fund Net Position reflects the District's operating and non-operating revenues and expenses. Total revenues and expenses increased over prior year because of the following:

- Total operating revenues increased by \$4,649,689 (63.77%). This was mainly the result of community park impact fees from the City of Chico reported as developer fees totaling \$2,649,753, and an increase in service fees revenue totaling \$706,100.
- Total nonoperating revenues increased by \$142,424 (2.27%). This was mainly the result of an increase in property tax revenue totaling \$318,566.
- Total operating expenses increased by \$3,237,363 (54.57%). This was mainly the result of an increase in salaries and benefits of \$2,689,949.

Revenues

The following chart summarizes the changes in revenues by category during 2022/23:

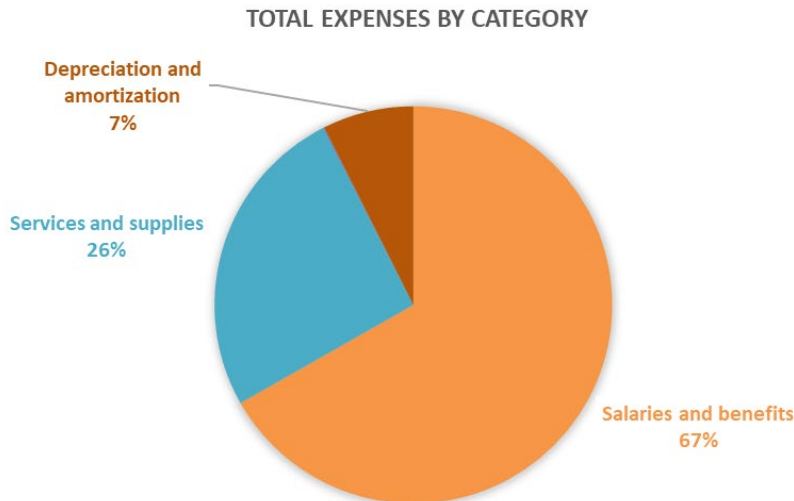


Significant changes in revenues consisted of the following:

- Charges for Services increased by \$706,100 (21.45%) most of which was related to an increase in activities post of the COVID 19 pandemic.
- Developer fees increased by \$2,649,753 (78.37%) mainly as a result of new community park impact fees from the City of Chico.
- Property taxes increased by \$318,566 (7.06%) from increases in property values.
- RDA pass through taxes increased by \$141,138 (8.86%) because the assessment values for redevelopment properties increased.

Expenses

The following chart summarizes the changes in expenses by function during 2022/23:



Significant changes in expenses consisted of the following:

- Salaries and benefits expenses increased by \$2,689,949 (54.57%) mostly because of CalPERS negative rate of return.
- Services and supplies expenses increased by \$558,152 (23.46%) mostly because of increased activities and operations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

A summary of the changes in net position by sub-fund is presented below:

	General Fund	Baroni Park	Oak Way Park	Peterson Park	Park Development	Community Park Impact	Total
Total Revenues	\$12,345,195	\$ 98,738	\$ 23,177	\$ 42,596	\$ 23,268	\$ 5,819,860	\$ 18,352,834
Total Expenditures	10,987,667	145,724	150,842	126,223	-	-	11,410,456
Revenues Over (Under) Expenditures	1,357,528	(46,986)	(127,665)	(83,627)	23,268	5,819,860	6,942,378
Transfers In	-	967	127,665	83,627	-	-	212,259
Transfers Out	(212,259)	-	-	-	-	-	(212,259)
Change in Net Position	1,145,269	(46,019)	-	-	23,268	5,819,860	6,942,378
Beginning Net Position	34,538,940	83,428	-	-	428,493	5,553,070	40,603,931
Ending Net Position	\$35,684,209	\$ 37,409	\$ -	\$ -	\$ 451,761	\$ 11,372,930	\$ 47,546,309

CAPITAL ASSETS

The following table summarizes the District's capital assets at the end of the year:

	2023	2022	Dollar Change	% Change
Land	\$ 11,634,791	\$ 11,634,791	\$ -	0.00%
Construction in progress	782,657	349,579	433,078	123.89%
Leasehold Improvements	1,136,586	249,447	887,139	355.64%
Structures and improvements	14,390,371	14,331,675	58,696	0.41%
Parks and Recreation equipment	204,296	77,844	126,452	162.44%
Vehicles	180,514	70,732	109,782	155.21%
Total Capital Assets, Net	\$ 28,329,215	\$ 26,714,068	\$ 1,615,147	6.05%

Additional detail and information on capital asset activity is described in the note 3 to the financial statements.

LONG-TERM LIABILITIES

The following table summarizes the District's liabilities at the end of the year:

	Governmental Activities			
	2023	2022	Dollar Change	% Change
Net Pension Liability	3,116,897	657,142	2,459,755	374.31%
Compensated Absences	225,688	263,428	(37,740)	-14.33%
Total Long-Term Liabilities	\$ 3,342,585	\$ 920,570	\$ 2,422,015	263.10%

Additional detail and information on long-term debt activity is described in the note 4 to the financial statements.

ECONOMIC FACTORS AND OUTLOOK

The general economy of Butte County, California has begun to recover from the impacts of COVID-19. The unemployment rate for Butte County was 5.1%, and 4%, respectively, at June 2023 and June 2022. The District has approved a balanced budget for the 2023-2024 year. The District also continues to focus on providing quality recreation programs and well-maintained parks to the Chico community. The costs of these programs are consistently monitored to provide reasonably priced services to the community.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the General Manger, Chico Recreation and Park District, 545 Vallombosa Avenue, Chico, CA 95926.

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BASIC FINANCIAL STATEMENTS

Chico Area Recreation and Park District

Statement of Net Position

June 30, 2023

ASSETS

Current assets:

Cash and investments	\$ 20,817,862
Accounts receivable	713,590
Prepaid expenses	12,521
Total current assets	<u>21,543,973</u>
Capital assets - net	<u>28,329,215</u>
Total assets	<u><u>\$ 49,873,188</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Pension adjustments	<u><u>\$ 2,446,222</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 8,970
Accrued payroll and liabilities	328,117
Program advances	1,011,423
Total current liabilities	<u>1,348,510</u>

Noncurrent liabilities:

Compensated absences	225,688
Net pension liability	3,116,897
Total noncurrent liabilities	<u>3,342,585</u>
Total liabilities	<u><u>\$ 4,691,095</u></u>

DEFERRED INFLOWS OF RESOURCES

Pension adjustments	<u><u>\$ 82,007</u></u>
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NET POSITION

Net investment in capital assets	\$ 28,329,215
Restricted	11,862,099
Unrestricted	7,354,994
Total net position	<u><u>\$ 47,546,308</u></u>

See accompanying notes to basic financial statements.

Chico Area Recreation and Park District
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Operating revenues:	
Program service fees	\$ 3,998,689
Developer fees	6,030,860
Intergovernmental City Parks	635,552
Rentals	464,994
Other revenue	811,018
Total operating revenues	<u>11,941,113</u>
Operating expenses:	
Salaries and benefits	7,619,300
Services and supplies	2,936,978
Contributions to other agencies	9,997
Depreciation and amortization	844,179
Total operating expenses	<u>11,410,454</u>
Operating income (loss)	<u>530,659</u>
Nonoperating revenues (expenses):	
Interest income	(314,071)
Assessment fees	163,585
Property taxes	4,827,855
RDA pass through taxes	1,734,349
Net non-operating revenues (expenses)	<u>6,411,718</u>
Change in net position	6,942,377
Net position - beginning	<u>40,603,931</u>
Net position - ending	<u>\$ 47,546,308</u>

See accompanying notes to basic financial statements.

Chico Area Recreation and Park District

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,953,956
Receipts from other governments	6,666,412
Other Receipts	1,276,012
Payments to suppliers	(2,997,163)
Payments to employees	(7,438,420)
Other Payments	(9,997)
Net cash provided by (used for) operating activities	<u>1,450,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(2,459,326)</u>
Net cash provided by (used for) capital and related financing activities	<u>(2,459,326)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from assessments	163,585
Receipts from taxes	4,827,855
Receipts from RDA pass through taxes	<u>1,734,349</u>
Net cash provided by (used for) noncapital and related financing activities	<u>6,725,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>(314,071)</u>
Net cash provided by (used for) investing activities	<u>(314,071)</u>
Net increase (decrease) in cash and cash equivalents	5,403,192
Cash and cash equivalents at beginning of fiscal year	<u>15,414,670</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 20,817,862</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 530,659
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and amortization	844,179
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	661,846
(Increase) decrease in prepaid expenses	5,984
(Increase) decrease in deferred outflows of resources	(1,259,567)
Increase (decrease) in accounts payable	(66,169)
Increase (decrease) in accrued payroll and liabilities	(308,369)
Increase (decrease) in program advances	(706,579)
Increase(decrease) in compensated absences	(37,740)
Increase(decrease) in deferred inflows of resources	(673,198)
Increase(decrease) in net pension liability	2,459,754
Net cash provided by (used for) operations	<u>\$ 1,450,800</u>

See accompanying notes to basic financial statements.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Chico Area Recreation and Park District (the District) is a political subdivision of the state of California and provides recreation services to the residents of the Chico area of Butte county. The District was formed under section 5708-5791 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 operation of the District in accordance with policies adopted be the Board of Directors.

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. The District meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

Component units are defined as legally separate organizations for which the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. Since no other entities are controlled by, or rely upon the District, the reporting entity consists solely of the District. Based on these criteria, there are no component units to include in the District's financial statements.

The activities of the District include three recreational facility park sub-funds and a park development sub-fund with the balance accounted for in the general operating fund. However, all funds and sub-funds are reported as one fund in the financial statements with separate sub-fund information reported as supplementary information.

Basis of Presentation

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position display information about the District. Business-type activities are financed in whole or in part by fees charged to external parties.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest income and connection fees, result from non-exchange transactions or ancillary activities.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on the flow of economic resources measurement focus utilizing full accrual accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unavailable resources.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflows/Deferred Inflows

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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports 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(s) and as such, will not be recognized as an

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's benefit plans liability reported which is in the Statement of Net Position.

Statement of Net Position

Net position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows of resources over all its liabilities. Net position is classified into the following components:

Net Investment in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

Restricted Net Position

Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. It is the District's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District has reported restricted net position of \$37,409 for assets held for *Baroni Park*. These funds are restricted for the park maintenance assessment districts administered by the District. The District has reported restricted net position of \$11,372,930 held for *Community Parks*. These funds are development impact fees that are collected by the City of Chico and then transferred to Chico Area Recreation and Park District and used for Community Parks only. The District has also reported restricted net position of \$451,760 for developer fees collected. These funds are collected from park impact fees and used for new park acquisitions and improvements.

Unrestricted Net Position

This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges for services. Operating expenses for the District include the cost of services and supplies, administrative expenses such as salaries and benefits, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Budgetary Control

The District's fiscal year is the 12-month period beginning July 1. The general budget policy is that the District submit to the Butte County Auditor a board-approved budget estimating revenue 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. Withing certain legal restrictions, adjustments to final budget amounts may be made by the Board of Directors during the year to account for unanticipated occurrences.

Cash and investments

Cash includes amounts in demand deposits as well as highly liquid short-term investments. The District's cash and cash equivalents include demand deposits in a financial institution serves as a clearing account into which the District makes daily deposits and then transfers to the County pool on at least a monthly basis.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for Deposits and Investment Risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

The District maintains most of its cash in the County as part of a common investment pool. Deposits in the pool are valued using the cost approach and includes accrued interest. 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. The District is considered to be a voluntary participant in the County investment pool.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less and amounts categorized as “Cash in County Treasury” are considered cash equivalents. Cash and cash equivalents include demand deposits in a financial institution and deposits in the Butte County Treasury (the County).

Receivables and payables

Trade accounts receivable (including unbilled receivables) are carried at their net realizable values.

Capital assets

Capital assets are reported at historical cost, or in the case of donated items, at fair market value on the date donated. The District’s capitalization policy includes all items with a unit cost of \$3,000 or more. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are 10 to 30 years for structures, improvements, and leasehold improvements, and 3 to 5 years for equipment.

Program Advances

Activity fees paid prior to the utilization of the service are recorded as program advances and are effectively unearned revenues.

Long-Term Liabilities

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium and discounts are reported as noncurrent assets along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

Compensated Absences

The District’s policy allows employees to accumulate vacation leave up to the employee’s annual vacation accrual and to accumulate all unused sick leave hours. Upon retirement or separation from the District, the employee is entitled to full compensation for unused vacation. Employees with over five years of service credit and sick leave accruals of over 100 hours to up to 260 hours of accrued sick time at the date of separation. The amount due within one year could not be estimated. Costs for compensated absences are accrued when earned by employees. Accumulated unpaid employee benefits are recognized as a liability in the General Fund at the end of the year.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plan (the Plan) and additions

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

to/deductions from the Plan'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 in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2021. For this report, the following timeframes are used for the District's pension plans:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

Use of Estimates

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

Property Taxes

Property Taxes are levied by Butte County on the District's behalf and are intended to support operations and service debt. Secured property taxes attach as an enforceable lien on property as of March 1st. the amount of property tax received is dependent upon the assessed real property valuations as determined by the Butte County Assessor. Property taxes on the secured roll are due in two equal installments on November 1st and February 1st each year and are delinquent if not paid by December 10th and April 10th, of each year, respectively. The District received approximately 45% of its revenue from property taxes. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

Accounting and Reporting Changes

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. *GASB 96 is effective for fiscal years beginning after June 15, 2022.* This statement did not have a material impact on the District's financial statements.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Upcoming New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management does not believe this Statement will have a significant impact on the District's financial statements.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Management is in the process of evaluating the impact this standard will have on the District’s financial statements.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

As of June 30, 2023, the District had the following cash and investments:

Cash and Investments	2023
County Treasury	\$ 12,627,553
Cash in banks	8,189,509
Cash on hand	800
Total Cash and Investments	\$ 20,817,862

Cash Deposits

As of June 30, 2023 the carrying amount of the District’s cash in banks was \$8,189,509 and the bank balance of the District’s accounts with banks was \$5,304,539, which was \$5,054,539 in excess of Federal Depository Insurance Corporation (FDIC) coverage. FDIC covers up to \$250,000 per bank for each entity. Investments are made by diversified investment managers/brokers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the District believes that its investment strategies are prudent for the long-term welfare of the organization.

The District’s cash and investments are pooled with the County of Butte. The County’s cash and investment pool is under the oversight of the County and is not rated. For additional information regarding the pooled cash and investments with respect to the risks identified above, please refer to the County of Butte’s Annual Comprehensive Financial Report (ACFR).

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the County Treasury Investment Pool are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Collateral and Categorization Requirements

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of at least 150% of the District's total deposits.

Investment Policy

The District's investment policy follows the California Government Code which authorizes the District to invest in its own bonds, certain time deposits, obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances with maturities not to exceed 270 days, and medium-term notes issued by corporations operating within the U.S., commercial paper rated P-1 or higher by Moody's or A-1 by Standard & Poor's commercial paper record, repurchase agreements of obligations of the U.S. Government or its agencies for a term of one year or less and the Local Agency Investment Fund.

The funds pooled with the County are invested in accordance with the County's investment policy established pursuant to state law. All monies not required for immediate expenditure are deposited or invested to earn maximum yield consistent with safety and liquidity.

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. All of the District's cash is held in pooled accounts that mature in one year.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. With respect to investments, custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The State of California has no additional requirements for custodial credit risk, nor does the District.

Custodial Credit Risk

Custodial credit risk for deposit is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits nor will it be able to recover

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

Concentration of Credit Risk

The District's cash and investment funds are pooled with the County of Butte. The investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. The District is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by the District in securities of issuers other than U. S. Treasury securities, mutual funds, and external investment pools. At June 30, 2023, there were no investments representing five percent or more from any one issuer.

NOTE 3 - CAPITAL ASSETS

The District's capital assets consisted of the following as of June 30, 2023:

	Balance July 01, 2022	Additions	Adjustments & Retirements	Balance June 30, 2023
Governmental activities				
Nondepreciable Capital Assets:				
Land	\$ 11,634,791	\$ -	\$ -	\$ 11,634,791
Construction in progress	349,579	2,106,342	(1,673,264)	782,657
Total nondepreciable capital assets	11,984,370	2,106,342	(1,673,264)	12,417,448
Depreciable capital assets:				
Leasehold Improvements	1,098,163	49,457	863,564	2,011,184
Structures and improvements	28,357,507	-	809,701	29,167,208
Parks and Recreation Equipment	1,070,014	172,343	(105,629)	1,136,728
Office Equipment	296,192	-	-	296,192
Vehicles	474,688	135,582	(37,180)	573,090
Total depreciable capital assets	31,296,564	357,382	1,530,456	33,184,402
Less accumulated depreciation:				
Leasehold Improvements	848,716	25,882	-	874,598
Structures and improvements	14,025,832	751,005	-	14,776,837
Parks and Recreation Equipment	1,005,299	39,327	(105,629)	938,997
Office Equipment	283,063	6,564	-	289,627
Vehicles	403,956	21,400	(32,780)	392,576
Total accumulated depreciation	16,566,866	844,178	(138,409)	17,272,635
Total depreciable capital assets - net	14,729,698	(486,796)	1,668,865	15,911,767
Capital assets - net	\$ 26,714,068	\$ 1,619,546	\$ (4,399)	\$ 28,329,215

Depreciation expense for the year ended June 30, 2023 was \$844,178.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 4 - LONG-TERM LIABILITIES

The District's long-term liabilities consisted of the following as of June 30, 2023

Description	Balance			Balance June 30, 2023	Due Within One Year
	June 30, 2022	Additions	Reductions		
Compensated Absences	\$ 230,883	\$ -	\$ 5,195	\$ 225,688	\$ 169,266
Net Pension Liability	657,142	3,438,310	978,555	3,116,897	-
Total Long-term liabilities	<u>\$ 888,025</u>	<u>\$ 3,438,310</u>	<u>\$ 983,750</u>	<u>\$ 3,342,585</u>	<u>\$ 169,266</u>

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risk of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In an effort to manage its risk exposure, The District is a member of the Special District Risk Management Authority ("SDRMA"). A summary of the coverage limits are as follows:

General liability - bodily injury	\$ 10,000,000
General liability - property damage	10,000,000
Public officials' errors and omissions	10,000,000
Personal liability coverage for members of the Board of Directors	500,000
Employment practices liability	10,000,000
Employee benefits liability	10,000,000
Employee dishonesty coverage	1,000,000
Auto liability - bodily injury	10,000,000
Auto liability - property damage	10,000,000
Uninsured motorist - bodily injury	1,000,000
Non-owned auto - property damage	10,000,000
Non-owned auto - bodily injury	10,000,000
Auto physical damage - compensation	100,000
Auto physical damage - collision	100,000
Auto physical damage - high dollar vehicles	1,000,000,000
Property - catastrophic loss	1,000,000,000
Property - boiler and machinery	100,000,000
Property - flood	10,000,000
Property - pollution coverage	2,000,000
Property - cybersecurity coverage	2,000,000
Mobile and contractors equipment	1,000,000,000
Workers' compensation	5,000,000

SDRMA is a risk-pooling self-insurance authority created for the purpose of arranging and administering programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. As a member of the SDRMA, the District participated in the general liability, auto liability, property, boiler and machinery coverage, and public officials' errors and omissions insurance programs.

The District has a \$500 deductible under general liability, a \$500 deductible for personal liability coverage for members of the Board of Directors, and a \$1,000 deductible under auto liability. There were no accrued losses for insurance claims as of June 30, 2023. There were no settlements that exceeded insurance coverage for fiscal year ended June 30, 2023.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Condensed financial information for SDRMA for the fiscal year ended June 30, 2023 is as follows:

	<u>June 30, 2023</u>
Total Assets and Deferred Outflows	\$ 148,239,191
Total Liabilities and Deferred Inflows	76,717,988
Total Equity	71,521,203
Total Revenues	100,738,904
Total Expenditures	96,560,830

NOTE 6 - EMPLOYEE RETIREMENT BENEFITS

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Tier 1</u>	<u>PEPRA</u>
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a		
% of eligible compensation	2.00%	2.00%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	10.87%	7.47%

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Employees Covered - At June 30, 2023, the following employees were covered by the benefit terms for the Plan at the valuation date of June 30, 2022:

	<u>Miscellaneous</u>
Active	62
Transferred	47
Separated	98
Retired	51
Total	<u>258</u>

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions were \$880,928 during the fiscal year.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability totaling \$3,116,897.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.03461%
Proportion - June 30, 2023	<u>0.06661%</u>
Change - Increase/(Decrease)	<u>0.03200%</u>

For the year ended June 30, 2023, the District recognized pension expense of \$627,989.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 319,391	\$ -
Differences between Expected and Actual Experience	62,593	41,922
Differences between Projected and Actual Investment Earnings	570,932	-
Differences between Employer's Contributions and Proportionate Share of Contributions	79,555	40,084
Change in Employer's Proportion	532,823	-
Pension Contributions Made Subsequent to Measurement Date	880,928	-
Total	\$ 2,446,222	\$ 82,006

The District reported \$880,928, as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the year ended June 30, 2024.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ 477,198
2025	422,368
2026	234,520
2027	349,202
2028	-
Thereafter	-
Total	\$ 1,483,288

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.9 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

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.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability \$	5,468,090
Current	6.90%
Net Pension Liability \$	3,116,896
1% Increase	7.90%
Net Pension Liability \$	1,182,446

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Chico Area Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated all subsequent events from the statement of financial position date of June 30, 2023, through the date the financial statements were available to be issued, January 24, 2024. No subsequent events occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Chico Area Parks and Recreation District
Schedule of Contributions for Pension Plans
June 30, 2023

Miscellaneous Plan									
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 220,825	\$ 224,228	\$ 229,225	\$ 346,326	\$ 383,106	\$ 400,876	\$ 579,955	\$ 527,407	\$ 780,928
Contributions in Relation to									
Contractually Required Contributions	220,825	224,228	229,225	346,326	1,111,353	400,876	767,955	722,882	880,928
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (728,247)	\$ -	\$ (188,000)	\$ (195,475)	\$ (100,000)
Covered Payroll	\$ 2,154,908	\$ 2,354,799	\$ 2,255,959	\$ 2,347,917	\$ 2,491,890	\$ 2,602,267	\$ 2,481,040	\$ 2,691,406	\$ 3,026,959
Contributions as a % of Covered Payrol	10.25%	9.52%	10.16%	14.75%	44.60%	15.40%	30.95%	26.86%	29.10%

Notes to Schedule:

Valuation Date: June 30, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 29 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023.
The CalPERS mortality assumptions was adjusted in fiscal year 2023.

Chico Area Parks and Recreation District
Schedule of Proportionate Share of Net Pension Liability
June 30, 2023

Miscellaneous and Safety Plan									
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of Net Pension Liability (Safety and Misc)	0.02733%	0.02562%	0.02749%	0.02862%	0.02131%	0.02280%	0.02457%	0.01215%	0.02698%
Proportion of Net Pension Liability (Misc Plan Only)	0.06881%	0.06409%	0.06847%	0.07201%	0.05448%	0.05834%	0.06337%	0.03461%	0.06661%
Proportionate Share of Net Pension Liability	\$ 1,700,721	\$ 1,758,201	\$ 2,378,682	\$ 2,838,733	\$ 2,053,235	\$ 2,336,424	\$ 2,673,146	\$ 657,141	\$ 3,116,896
Covered Payroll	\$ 2,297,052	\$ 2,154,908	\$ 2,354,799	\$ 2,255,959	\$ 2,347,917	\$ 2,491,890	\$ 2,602,267	\$ 2,481,040	\$ 2,691,406
Proportionate Share of NPL as a % of Covered Payroll	74.04%	81.59%	101.01%	125.83%	87.45%	93.76%	102.72%	26.49%	115.81%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	83.49%	78.20%	77.07%	79.03%	83.69%	82.32%	95.84%	81.93%

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023.
The CalPERS mortality assumptions was adjusted in fiscal year 2023.

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SUPPLEMENTAL INFORMATION

Chico Area Recreation and Park District

Combining Statement of Net Position

June 30, 2023

	General	Baroni Park	Oak Way Park	Peterson Park	Park Development	Community Park Impact Fees	2023
ASSETS							
Current assets:							
Cash and investments	13,629,182	37,409	-	-	413,760	6,737,511	\$ 20,817,862
Accounts receivable	675,590	-	-	-	38,000	-	713,590
Interest receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	4,635,419	4,635,419
Prepaid expenses	12,521	-	-	-	-	-	12,521
Total current assets	14,317,293	37,409	-	-	451,760	11,372,930	26,179,392
Capital assets - net	28,329,215	-	-	-	-	-	28,329,215
Total assets	\$ 42,646,508	\$ 37,409	\$ -	\$ -	\$ 451,760	\$ 11,372,930	\$ 54,508,607
DEFERRED OUTFLOWS OF RESOURCES							
Pension adjustments	\$ 2,446,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,446,222
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 8,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,970
Accrued payroll and liabilities	328,117	-	-	-	-	-	328,117
Program advances	1,011,423	-	-	-	-	-	1,011,423
Due to other funds	4,635,419	-	-	-	-	-	4,635,419
Deposits payable	-	-	-	-	-	-	-
Current portion of water revenue bonds	-	-	-	-	-	-	-
Total current liabilities	5,983,929	-	-	-	-	-	5,983,929
Noncurrent liabilities:							
Compensated absences	225,688	-	-	-	-	-	225,688
Net pension liability	3,116,897	-	-	-	-	-	3,116,897
Total noncurrent liabilities	3,342,585	-	-	-	-	-	3,342,585
Total liabilities	\$ 9,326,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,326,514
DEFERRED INFLOWS OF RESOURCES							
Pension adjustments	\$ 82,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,007
NET POSITION							
Net investment in capital assets	\$ 28,329,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,329,215
Restricted	-	37,409	-	-	451,760	11,372,930	11,862,099
Unrestricted	7,354,994	-	-	-	-	-	7,354,994
Total net position	\$ 35,684,209	\$ 37,409	\$ -	\$ -	\$ 451,760	\$ 11,372,930	\$ 47,546,308

Chico Area Recreation and Park District

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

	General	Baroni Park	Oak Way Park	Peterson Park	Park Development	Community Park Impact Fees	2023
Operating revenues:							
Program service fees	\$ 3,998,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,998,689
Developer fees	-	-	-	-	33,979	5,996,881	6,030,860
Intergovernmental City Parks	635,552	-	-	-	-	-	635,552
Rentals	464,994	-	-	-	-	-	464,994
Other revenue	811,018	-	-	-	-	-	811,018
Total operating revenues	5,910,253	-	-	-	33,979	5,996,881	11,941,113
Operating expenses:							
Salaries and benefits	7,268,332	125,914	125,914	99,140	-	-	7,619,300
Services and supplies	2,865,159	19,810	24,927	27,082	-	-	2,936,978
Contributions to other agencies	9,997	-	-	-	-	-	9,997
Capital Outlay	-	-	-	-	-	-	-
Depreciation and amortization	844,179	-	-	-	-	-	844,179
Total operating expenses	10,987,667	145,724	150,841	126,222	-	-	11,410,454
Operating income (loss)	(5,077,414)	(145,724)	(150,841)	(126,222)	33,979	5,996,881	530,659
Nonoperating revenues (expenses):							
Interest income	(127,262)	266	231	427	(10,712)	(177,021)	(314,071)
Assessment fees	-	98,472	22,945	42,168	-	-	163,585
Property taxes	4,827,855	-	-	-	-	-	4,827,855
RDA pass through taxes	1,734,349	-	-	-	-	-	1,734,349
Net nonoperating revenues (expenses)	6,434,942	98,738	23,176	42,595	(10,712)	(177,021)	6,411,718
Income before capital contributions	1,357,528	(46,986)	(127,665)	(83,627)	23,267	5,819,860	6,942,377
Capital contributions	-	-	-	-	-	-	-
Income (loss) before operating transfers	1,357,528	(46,986)	(127,665)	(83,627)	23,267	5,819,860	6,942,377
Transfers in	-	967	127,665	83,627	-	-	212,259
Transfers out	(212,259)	-	-	-	-	-	(212,259)
Change in net position	1,145,269	(46,019)	-	-	23,267	5,819,860	6,942,377
Net position - beginning	34,538,940	83,428	-	-	428,493	5,553,070	40,603,931
Net position - ending	\$ 35,684,209	\$ 37,409	\$ -	\$ -	\$ 451,760	\$ 11,372,930	\$ 47,546,308

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OTHER INDEPENDENT AUDITOR'S REPORTS



**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
of the Chico Area Recreation and Park District
Chico, California

We have audited, 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, the financial statements of the business-type activities of the Chico Area Recreation and Park District (the “District”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 24, 2024.

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



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 statement amounts. 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

January 24, 2024
Morgan Hill, California



BOARD OF DIRECTORS

Finance Committee

STAFF REPORT

DATE: February 22, 2024
TO: Board of Directors
FROM: Annabel Grimm
SUBJECT: Neighborhood Parks Levy Administration

BACKGROUND

The Landscaping and Lighting Act of 1972 requires that an annual Engineer's Report is prepared by a licensed professional engineer and establishes other requirements for the continuation of the assessments. This Resolution directs SCI Consulting Group to prepare the Engineer's Report for the Oak Way, Amber Grove/Greenfield, and Baroni Neighborhood Park and Open Space (No. LLD 001-05) Landscape and Lighting Assessment Districts (the 'Districts') as the first step in a three-step process in the levying the annual assessments for fiscal year 2024-25.

Each year, an updated Engineer's Report, including updated budgets, scope of services, current legal justifications, and rate adjustments should be prepared by a California licensed civil engineer. SCI Consulting Group will provide professional assessment engineering and assessment administration services to justify the continued collection of the Districts' assessments. The services provided by SCI will include the preparation of the Engineer's Report and preliminary assessment roll with the specific assessment amount for each parcel. The Engineer's Report will be presented to the Board for preliminary approval in April of this year.

The services provided by SCI Consulting Group includes the tasks required for the year-round administration of the Districts' assessments, including comprehensive property base auditing and levy accuracy confirmation, on a parcel-by-parcel basis, to ensure that the Districts receive the most accurate assessment revenues and directly responding to property owner inquiries on toll free taxpayer assistance line. SCI's services will also include evaluation of the most current legal requirements and developments for benefit assessments, including any court decisions for benefit assessments or Proposition 218, and updates to the assessment justification and engineering findings, if appropriate.

Amber Grove/Greenfield Landscape and Lighting Assessment District

The Amber Grove/Greenfield Landscape and Lighting Assessment District was approved by property owners in 1994 to fund the maintenance and operations of the Amber Grove/Greenfield Park.

Oak Way Landscape and Lighting Assessment District

The Oak Way Landscape and Lighting Assessment District was approved by property owners in 1997 to continue to fund the maintenance and operations of Oak Way Park.

Baroni Neighborhood Park and Open Space (No. LLD 001-05) Landscape and Lighting Assessment District

In 2006, property owners approved the Baroni Neighborhood Park and Open Space (No. LLD 001-05) Landscape and Lighting Assessment District to provide funding for the maintenance and operations for the Baroni Neighborhood Park, adjacent open space areas and related trails system within the District.

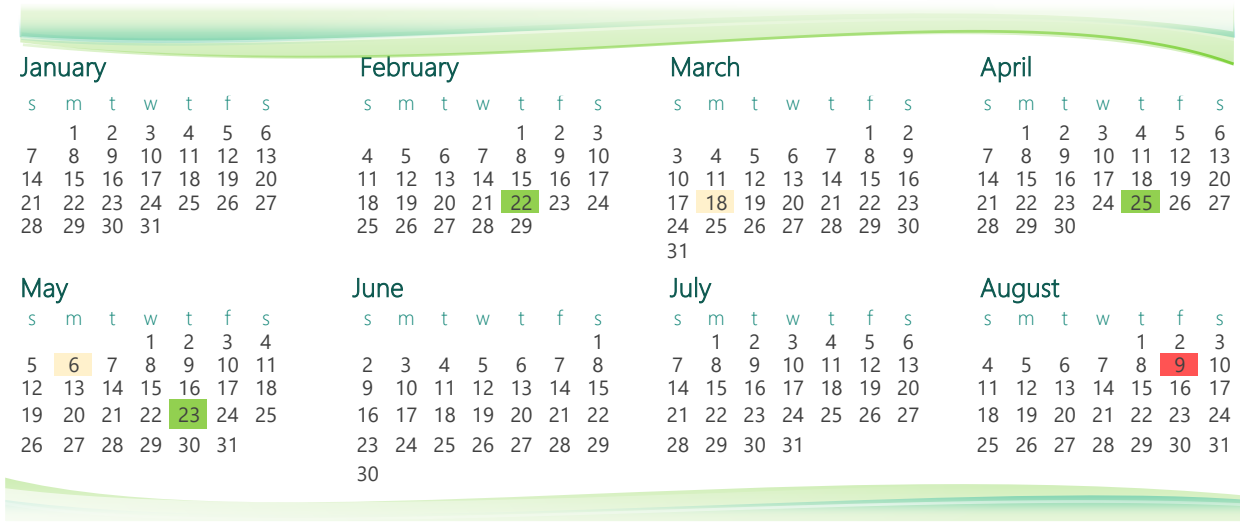
ANALYSIS

In order to continue to levy the assessments, the Board will need to adopt the resolution to direct SCI Consulting Group, the assessment engineer, to prepare an Engineer's Report for the upcoming fiscal year. This Engineer's Report will include the special and general benefit findings to support the assessments, the updated proposed assessments for each parcel in the Districts, the proposed budget for the assessments, and the proposed assessments per single-family equivalent for fiscal year 2024-25. After the Engineer's Report and assessment roll are completed, they will be brought back to the Board for your review and consideration. If the Board preliminarily approves the Reports, a noticed public hearing will be subsequently held to allow the public to provide input on the proposed budgets, services and assessments, and to allow the Board to make a final decision on the continuation of these important assessments. The preliminary Engineer's Report is scheduled to be presented to the Board in April.

RECOMMENDATION

It is recommended that the Board approves the Resolution that would direct SCI Consulting Group to prepare the Engineer's Report for the Oak Way, Amber Grove/Greenfield, and Baroni Neighborhood Park and Open Space (No. LLD 001-05) Landscape and Lighting Assessment Districts for fiscal year 2024-25.

Chico Area Recreation and Park District
 Oak Way, Amber Grove/Greenfield, and Baroni Neighborhood Parks
 Levy Administration - Fiscal Year 2024-25 *(Proposed Timeline)*



Action Items	Due Date
Board Action: Resolution Directing the Preparation of the Annual Report	February 22
Preliminary assessments determined; Prepare budgets and determine assessment rates; Review and update other Engineer's Report items	March 01
Provide Engineer's Report and resolution for April board meeting	March 18
Board Action: Resolution of Intention to Continue the Assessments, Preliminarily Approving Engineer's Report and Providing of Notice of Hearing.	April 25
Publish Notice of Public Hearing (must occur 10 days before Public Hearing)	
Provide Resolution and Engineer's Report for May Board Meeting	May 06
Board Action: Public Hearing and approval of resolution approving Engineer's Report and levying annual assessments. <i>(Resolution levying annual assessment must be approved prior to submitting the assessment roll to the County Auditor)</i>	May 23
Submit levy roll to County Auditor	August 10
Confirmation of final levies with County Auditor	Late August
Answer property owner inquiries and associated tasks	Sept 2023-June 2024

All regular Board meetings are held on the 4th Thursday of each month at 6 pm.

Information to District for Board Meeting	Board of Education Meeting	Levy Due Date to County
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**RESOLUTION 24-004 OF THE BOARD OF DIRECTORS OF THE
CHICO AREA RECREATION AND PARK DISTRICT**

A RESOLUTION DIRECTING THE PREPARATION OF THE ENGINEER'S REPORTS FOR THE CONTINUATION OF THREE (3) LANDSCAPE AND LIGHTING ASSESSMENT DISTRICTS: OAK WAY, AMBER GROVE/GREENFIELD, AND BARONI NEIGHBORHOOD PARK AND OPEN SPACE (No. LLD 001-05)

1. On January 13, 1994, the Board of Directors of the Chico Area Recreation and Park District, acting as the legislative body of the Amber Grove/Greenfield Landscaping and Lighting Assessment District, ordered through Resolution 94-01 the formation of an assessment district pursuant to the provisions of the Landscaping and Lighting Act of 1972, known as the Amber Grove/Greenfield Landscaping and Lighting Assessment District, for the purpose of financing certain park and recreational improvements as specified in the District's Master Plan and for the purpose of funding maintenance operations of those facilities.
2. On July 10, 1997, the property owners within the Oak Way Landscaping and Lighting Assessment District approved the continuation of the assessment district for the purpose of financing certain park and recreational improvements and funding maintenance operations of those facilities.
3. On June 20, 2006, the City Council of the City of Chico, acting as the legislative body for the Baroni Park and Open Space Landscaping and Lighting District No. LLD 001-05, ordered through Resolution 70-06 the formation of an assessment district pursuant to the provisions of the Landscaping and Lighting Act of 1972, known as the Baroni Park and Open Space Landscaping and Lighting District No. LLD 001-05, for the purpose of funding maintenance operations and recreational improvements as described in the District's Master Plan.
4. The purpose of the Oak Way Landscaping and Lighting Assessment District is for the installation, maintenance and servicing of improvements to the Oak Way Park, generally described as the installation, maintenance and servicing of public facilities, including but not limited to, playground equipment, irrigation and sprinkler systems, landscaping, turf, park grounds, park facilities, landscape corridors, trails, ponds, wetlands preserve areas, fencing, piers, signage, benches, tables, and all necessary appurtenances, and labor, materials, supplies, utilities and equipment, as applicable, for property within the Oak Way Landscaping and Lighting Assessment District that is maintained by the Chico Area Recreation and Park District. Installation means the construction of recreational improvements, including, but not limited to land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, playground equipment, recreational facilities and trails. Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of said improvements, including

repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health and beauty of landscaping; and cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti, and monitoring of wetlands preserve areas. Servicing means the furnishing of electric current or energy for the operation or lighting of any improvements, and water for irrigation of any landscaping or the maintenance of any other improvements.

5. The purpose of the Amber Grove/Greenfield Landscaping and Lighting Assessment District is for the installation, maintenance and servicing of improvements to the Amber Grove/Greenfield Park, generally described as the installation, maintenance and servicing of public facilities, including but not limited to, playground equipment, irrigation and sprinkler systems, landscaping, turf, park grounds, park facilities, landscape corridors, trails, ponds, wetlands preserve areas, fencing, piers, signage, benches, tables, and all necessary appurtenances, and labor, materials, supplies, utilities and equipment, as applicable, for property within the Amber Grove/Greenfield Landscaping and Lighting Assessment District that is maintained by the Chico Area Recreation and Park District. Installation means the construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, playground equipment, recreational facilities and trails. Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of said improvements, including repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health and beauty of landscaping; and cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti, and monitoring of wetlands preserve areas. Servicing means the furnishing of electric current or energy for the operation or lighting of any improvements, and water for irrigation of any landscaping or the maintenance of any other improvements.

6. The purpose of the Baroni Park and Open Space Landscaping and Lighting District No. LLD 001-05 is for the installation, maintenance and servicing of improvements to the Baroni Neighborhood Park, adjacent open space areas and related trails system within the District, generally described as the installation, maintenance and servicing of public facilities, including but not limited to, playground equipment, irrigation and sprinkler systems, landscaping, turf, park grounds, park facilities, landscape corridors, trails, ponds, wetlands preserve areas, fencing, piers, signage, benches, tables, and all necessary appurtenances, and labor, materials, supplies, utilities and equipment, as applicable, for property within the Baroni Park and Open Space Landscaping and Lighting District No. LLD 001-05 that is maintained by the Chico Area Recreation and Park District. Installation means the construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage; lights, playground equipment, play courts, and public restrooms; the maintenance and servicing of both, of any of the foregoing; the acquisition of land for park, recreational, or open-space purposes. Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of said improvements, including repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health and beauty of landscaping; and cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti, and monitoring of wetlands preserve areas. Servicing means the furnishing of electric current or energy, gas or

other illuminating agent for the operation or lighting of any improvements, and water for irrigation of any landscaping or the maintenance of any other improvements.

7. SCI Consulting Group is hereby designated as Engineer of Work for purposes of these proceedings and is hereby ordered to prepare an Engineer's Report in accordance with Article 4 of Chapter 1 of the Act and Article XIID of the California Constitution. Upon completion, the Engineer shall file the Engineer's Report with the Secretary of the Governing Board for submission to the Board.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of CARD hereby direct the preparation of the Engineer's Report for the continuation of the aforementioned Landscape and Lighting Assessment Districts.

PASSED AND ADOPTED at a Regular Meeting of the Board of Directors of the Chico Area Recreation and Park District on the **22nd** day of **February** 2024 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

ATTEST:

Michael McGinnis, Chair
Board of Directors

Holli Drobny
Clerk of the Board of Directors



BOARD OF DIRECTORS

Finance Committee

STAFF REPORT

DATE: February 22, 2024
TO: Board of Directors
FROM: Annabel Grimm
SUBJECT: Aquatic Design Scope

BACKGROUND

At the March 2023 meeting, the Board awarded the Aquatic Facility design to Confluence, Inc. with a contract amount of \$1.727M. Through the programming and conceptual design development, elements and amenities were added in response to community input and to achieve financial break-even operations.

The project budget was set at \$20M. With the project being master planned, the estimated project cost has increased to nearly \$30M. The scope increase requires additional engineering, architecture, and, ultimately, more construction drawings.

ANALYSIS

Design fees typically range from 9 – 10% of the entire project. Comparing the fee against the project budget, the percentage drops to below 7%.

	<i>Original</i>	<i>Revised</i>
<i>Design Fee</i>	1,727,000	2,074,624
<i>Project Budget</i>	20,000,000	30,000,000
<i>% of Budget</i>	8.6%	6.9%

RECOMMENDATION

The Committee recommend to the Board of Directors an increase in the design fee budget.

February 14, 2024

Scott Schumann, Director of Parks and Facilities
Chico Area Recreation & Park District
545 Vallombrosa Avenue
Chico, CA 95926
sschumann@chicorec.com

**RE: Aquatic Facility Design Services, Chico, CA, Project #23030
Supplemental Professional Services Agreement #03**

Dear Scott:

We are pleased to submit this supplemental professional Services agreement for additional design services services related to the expanded scope of the project as delineated in the Schematic Design package presented to the CARD Board of Directors for the new aquatic facility as provided herein and in accordance with the agreement dated May 10, 2023. Please return one copy of the executed supplemental Services agreement to Confluence.

Section 1: Supplemental Scope of Services

- 1.1 The following project adjustments, when compared to the 2016 preferred conceptual design provided by the Client, warrant additional scope of work for architecture, engineering and project management/coordination:
 - 1.1.1 Aquatics Scope Expansion:
 - 1.1.1.1 50-meter pool (12,620 SF) with a bulkhead and includes competitive swim courses (25y, 25m, and 50m) in two directions and 4 water polo fields of play (5,000 SF expansion).
 - 1.1.1.2 The 50-meter pool includes a diving well which is structurally more complex than a shallow water pool
 - 1.1.1.3 Addition of diving structures and infrastructure to support Flytime slide.
 - 1.1.1.4 Expanded leisure pool in size, cost, complexity (3,500 SF expansion).
 - 1.1.1.5 Leisure pool incorporates a larger, more complex water slide complex than initial concept, requiring additional engineering for more pumps, piping, etc.
 - 1.1.1.6 Lazy river approximately 3-times the size and contains more interactive water features than envisioned in the original concept, requiring additional engineering for more pumps, piping, etc.
 - 1.1.2 Architectural Scope Expansion:
 - 1.1.2.1 Additional architectural and engineering design services proposed include approximately 3,000SF of additional square footage of program area including:
 - Enclosed climbing room with climbing wall
 - Two (2) large indoor party rooms

- Additional restroom/locker room and other support space as required by code to support expanded pool sizes.


1.2 Compensation for the Supplemental Scope of Services described in section 1 shall be an additional lump sum of \$297,000.00 billed monthly, based on percent completion of the above services.

1.3 New Contract Value

Original Contract Value:	\$1,727,000.00
Supplemental Agreement #1 (Galloway):	\$39,824.00
Supplemental Agreement #2 (CRC):	\$10,800.00
Fee Adjustment (SA #3):	\$297,000.00
Adjusted Contract Value:	\$2,074,624.00

Offered by:

Confluence, Inc.

 02-14-24

 Signature & Date

Terry Berkbuegler, Sr. Vice President

 Printed Name & Title

Confluence
 307 N Michigan Ave, Suite 601
 Chicago, IL 60601

Accepted By:

Chico Area Recreation District

 Signature & Date

 Printed Name & Title

CHICO AREA RECREATION AND PARK DIST, CA Change Order: TYL-2024-0052729

Tyler Technologies

Project: Chico Area Recreation and Parks District, CA 2022-338431-X2L0Q0 - ERP Pro

Financial

Date: 2/15/24

Client Project Manager: Holli Drobny

Tyler Project Manager: Joel Soape

Reason for Change
Client has had a difficult time with their EMH and parallel payroll and this forced a shift in go live. That shift required some additional work by the IC and a change in ICs. The client agreed to a Change Order to cover this time and requested that it include additional hours in order to prevent needing to return to their board for any additional time later.

Impact on Project Scope
None.

Cost	
Cost to Client	\$21,750.00
Cost to Tyler	\$0.00
Total Cost	\$21,750.00

Go-Live Shift?	Yes
Overall Shifts in Weeks	2

Task(s)	Hourly Rate	Billable Hours	Nonbillable Hours	Task Category
	\$145.00	150	0	

Acceptance		
Note: No changes may be made to this project without the agreement of the Project Manager(s) and must be approved by the Project Director. Submit endorsed Change Order to the Tyler Technologies Project Manager.		
ApprovalDate	ApprovedBy	Title
2/15/24	DeLana Alford	Manager, Implementation
2/15/24	Rob Justice	Director, Professional Services



BOARD OF DIRECTORS

Finance Committee

STAFF REPORT

DATE: February 22, 2024
TO: Board of Directors
FROM: Annabel Grimm
SUBJECT: Nature Center ADA Project Award

BACKGROUND

This is year 2 of the District's 5-year plan to address ADA improvement. The annual allocation is \$135,000. The Nature Center's travel path is one of the major improvements for FY 23/24. In accordance with District policy, informal bids were solicited with the following results:

Builder Solutions, Inc.	\$93,477
KelCo Construction, Inc.	\$88,235
JS Construction & Concrete, Inc.	\$80,100
B&M Builders, Inc.	\$77,950
Hyatt Contracting, Inc.	\$72,912
Franklin Construction, Inc.	\$70,250
Mattingly Concrete	\$70,000
R&R Horn	\$54,000
Rock Creek Construction, Inc.	\$42,198

RECCOMENDATION

The Committee recommend to the Board of Director to award Rock Creek Construction, Inc. for Nature Center ADA project: \$42,198 + contingency.