

BUFFALO VALLEY RECREATION AUTHORITY
FINANCIAL REPORTS
YEAR ENDING DECEMBER 31, 2019

- **Audited Financial Statements**
 - **Auditor's Communication Letter**
 - **DCED Report**
 - **Newspaper Notice**
 - **Financial Score Report**
-



Douglas G. Parker

CERTIFIED PUBLIC ACCOUNTANT

Professional Corporation

129 Market Street

Lewisburg, PA 17837

570-523-7335

dgpcpa@dejazzd.com

July 6, 2020

**To the Board of Directors
Buffalo Valley Recreation Authority
815 Market Street, Suite 182
Lewisburg, PA 17837**

We have audited the financial statements of **Buffalo Valley Recreation Authority** for the year ended **December 31, 2019**, and have issued our report thereon dated **July 6, 2020**. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter signed & dated **January 31, 2020**, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We will perform the audit according to the planned scope and timing previously communicated to you in the engagement letter signed & dated **January 31, 2020**.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Buffalo Valley Recreation Authority** are described in **Note A** to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable life of fixed assets is based on estimated useful life. We evaluated the key factors and assumptions used to develop the useful life of each fixed asset in determining that it is reasonable in relation to the financial statements taken as a whole. Management's estimate of the useful lives of fixed assets is an accounting policy as described in Note A of the financial statements.

In addition, management has estimated that the additional gym lease payments for years four through ten will be \$30,000 per year plus the agreed upon future minimum rent schedule, however additional rent will be adjusted based upon the changes in real estate taxes and other occupancy cost four years from now.

July 6, 2020

Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit in conformity with accounting principles generally accepted in the United States of America.

Max Galaxy Accounts Receivable System issues

Past management used the Max Galaxy System for on line registrations and credit card collection. The system was not used as a tool to detect those who had not paid. Payments and cancellations made at the front desk were not always recorded onto the system. Revenues were ultimately recognized when cash, checks, and credit card payments were deposited at the bank.

Technically the Authority should not have accounts receivable at year-end, because all in attendance should have paid before attending the program. Programs usually do not start until January of the following year.

Current management would like to see if Max Galaxy could be synchronized with QuickBooks. Current management did discover that some 2019 revenues were paid for in 2020 for services rendered in 2019. Apparently this was a violation of the policy of paying before you attend. Current management agrees that there should not be any accounts receivable based on policy. Action taken by current management should eliminate program participation by non-payers, thus no accounts receivable. The Authority does not record revenues until earned and that occurs when the program begins.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has agreed to correct all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 6, 2020.

This information is intended solely for the use of **Buffalo Valley Recreation Authority** board of directors and management of **Buffalo Valley Recreation Authority** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Douglas G. Parker, CPA

BUFFALO VALLEY RECREATION AUTHORITY

FINANCIAL STATEMENTS

Year Ended December 31, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1- 2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	3
Statement of Revenues, Expenses, and Changes in Net Position.....	4
Statement of Cash Flows.....	5
Budgetary Comparison Schedule.....	6
Notes to Financial Statements	7 - 13

Douglas G. Parker
CERTIFIED PUBLIC ACCOUNTANT
Professional Corporation
129 Market Street
Lewisburg, PA 17837
570-523-7335
dgpcpa@dejazzd.com

INDEPENDENT AUDITOR'S REPORT

**Members of the Board of the
Buffalo Valley Area Recreation Authority
Lewisburg, Pennsylvania**

We have audited the accompanying basic financial statements of the Buffalo Valley Area Recreation Authority of Lewisburg, Pennsylvania (a tax-exempt governmental authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Buffalo Valley Area Recreation Authority as of December 31, 2019, and the change in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Douglas G. Parker, CPA

Lewisburg, Pennsylvania
July 6, 2020

BUFFALO VALLEY RECREATION AUTHORITY
STATEMENT OF NET POSITION
Proprietary Fund Type
December 31, 2019

ASSETS

Cash - unrestricted	\$	105,531
Cash - restricted		26,122
Accounts receivable		11,131
Prepaid expenses		22,839
		165,623
Land, property and equipment, net		1,071,470
Leasehold security deposits		16,500
		1,253,593
TOTAL ASSETS	\$	1,253,593

LIABILITIES

Accounts payable	\$	3,917
Accrued expenses		5,070
Payroll liabilities		18,530
Deferred revenues		26,653
Current portion of long-term debt		17,092
		71,262
Long-term debt, less current portion		104,292
		175,554

NET POSITION

Invested in capital assets, net of related debt		950,086
Unrestricted - unreserved		101,831
Temporarily restricted - reserved		26,122
		1,078,039
TOTAL NET POSITION		1,078,039
TOTAL LIABILITIES AND NET POSITION	\$	1,253,593

See accompanying notes to the basic financial statements

BUFFALO VALLEY RECREATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Fund Type
Year Ended December 31, 2019

OPERATING REVENUES	
General	\$ 210,927
Community pool	88,171
Park and tennis	7,959
Nature school program	33,149
Camp and ice rink	84,483
Non-BVRA facility programs	81,559
Gymnastics	417,794
Rail trail	52,256
	976,298
TOTAL UNRESTRICTED SUPPORT	
OPERATING EXPENSES	
Administrative	129,276
General	92,482
Community pool	138,898
Park	48,034
Nature programs	56,848
Camp and ice rink	72,062
Non-BVRA facility programs	55,089
Gymnastics	324,508
Rail trail	44,684
Special events	649
	962,530
TOTAL EXPENSES	
INCOME (LOSS) FROM OPERATIONS BEFORE DEPRECIATION	13,768
DEPRECIATION	185,862
INCOME (LOSS) FROM OPERATIONS	(172,094)
NONOPERATING REVENUES (EXPENSES)	
Loss from discontinue operations of rail trail	3,977,773
	(3,977,773)
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,149,867)
INCREASE (DECREASE) IN NET POSITION	5,227,906
NET POSITION, beginning of year	5,227,906
NET POSITION, end of year	\$ 1,078,039

See accompanying notes to the basic financial statements

BUFFALO VALLEY RECREATION AUTHORITY
STATEMENT OF CASH FLOWS
Proprietary Fund Type
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 965,167
Payments to suppliers	(606,371)
Payments to employees	(386,185)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(27,389)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

None	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment of municipal loans	(16,944)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(16,944)</u>

NET CHANGE IN CASH

(44,333)

CASH, beginning of year

175,986

CASH, end of year

\$ 131,653

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Income (loss) from operations	\$ (172,094)
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:	
Amortization and depreciation	185,862
(Increase) decrease in operating assets	
Purchase of asset	(15,000)
Increase (decrease) in operating liabilities	
Accounts receivable	(11,131)
Prepaid insurance	(14,693)
Accounts payable	(17,909)
Accrued expenses	(8,952)
Payroll liabilities	18,530
Deferred revenue	7,998
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (27,389)</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 657</u>
------------------------	---------------

See accompanying notes to the basic financial statements

BUFFALO VALLEY RECREATION AUTHORITY
Budgetary Comparison Schedule
Proprietary Fund Type
Year Ended December 31, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
OPERATING REVENUES			
General	\$ 210,573	\$ 210,927	\$ 354
Community pool	91,000	88,171	(2,829)
Park and tennis	10,000	7,959	(2,041)
Nature school program	42,350	33,149	(9,201)
Camp and ice rink	92,000	84,483	(7,517)
Non-BVRA facility programs	77,000	81,559	4,559
Gymnastics	437,500	417,794	(19,706)
Rail trail	23,500	52,256	28,756
Special events	4,600	-	(4,600)
TOTAL OPERATING REVENUES	<u>988,523</u>	<u>976,298</u>	<u>(12,225)</u>
OPERATING EXPENSES			
Administrative	257,316	129,276	128,040
General	119,055	92,482	26,573
Community pool	116,450	138,898	(22,448)
Park and tennis	65,500	48,034	17,466
Nature school program	18,320	56,848	(38,528)
Camp and ice rink	56,000	72,062	(16,062)
Non-BVRA facility programs	43,100	55,089	(11,989)
Gymnastics	282,300	324,508	(42,208)
Rail trail	20,100	44,684	(24,584)
Special events	3,050	649	2,401
TOTAL OPERATING EXPENSES	<u>981,191</u>	<u>962,530</u>	<u>18,661</u>
NET OPERATING INCOME (LOSS)			
BEFORE DEPRECIATION	<u>\$ 7,332</u>	<u>\$ 13,768</u>	<u>\$ 6,436</u>

See accompanying notes to the basic financial statements

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

In compliance with the requirements of the "Municipality Authorities Act of 1945" (the Act of May 2, 1945, P.L. 382, as amended and supplemented, 53 P.S. 301 et seq.), the townships of East Buffalo and Kelly and the Borough of Lewisburg, County of Union, Commonwealth of Pennsylvania, pursuant to ordinances duly enacted by the Townships and the Borough authorized and directed the formation of the Buffalo Valley Area Recreation Authority (the "Authority").

The Authority (a corporation) adopted its by-laws on March 12, 1981, later amended on November 16, 1999, as per an intergovernmental agreement between East Buffalo Township and the Lewisburg Borough.

On August 19, 2004 the Authority signed a twenty five (25) year management agreement with Lewisburg Borough to manage and maintain the area known as Lewisburg Area Recreation Park and the Lewisburg Community Pool.

The purpose of the Authority is to acquire, hold, construct, improve, maintain, operate, own and lease (either in capacity of lesser or lessee) projects of the following kind and character: buildings to be devoted wholly or partially for public use, parks, recreation grounds and facilities, swimming pools, playgrounds and other area community projects and activities.

The Authority manages a world class park and community swimming pool as well as offering recreational programs year-round. The swimming pool is open daily throughout the summer months and offers various aquatic programs and swimming lessons. Memberships are also available.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the basic financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues and expenditures.

The fund type used by the Authority is limited to proprietary funds. The focus of proprietary fund measurement is based upon the determination of operating income, changes in net positions, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Authority describes its proprietary funds as enterprise funds. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Basis of Accounting

The Authority reports on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

The Board of directors approves, prior to the beginning of each year, an annual budget on the accrual basis of accounting. Unexpended appropriations lapse at the end of each fiscal year. The Board may increase the subsequent year's appropriation by an amount equal to the outstanding encumbrances and reserve a portion of the fund balance in a like amount.

Public Support and Revenue

Annual contributions are generally available for unrestricted use unless specifically restricted by the donor. Contributions are recognized as unconditional when the donor makes a promise to give to the Authority. The Authority uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets (in-kind) are recorded at their fair values in the period received as unrestricted support. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services.

The Authority prepares its financial statements in accordance with generally accepted accounting principles which involve the application of accrual accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

The Authority capitalized all property and equipment acquisitions in excess of \$2,500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted support. If donor stipulations regarding how long those donated assets must be maintained are absent, then the Authority reports expirations of donor restriction when the donated or acquired assets are placed in service as instructed by the donor. The Authority reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their useful lives. Leasehold improvements are amortized over the shorter of their estimated useful lives or the applicable lease term.

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Intergovernmental Agreement of Cooperation

The Authority signed an intergovernmental agreement of cooperation on 19th of March, 2013 with East Buffalo Township and the Lewisburg Borough, collectively referred to as the Participants in the document. Currently the agreement was effective on January 1, 2013 and expired on December 31, 2017, and shall be automatically renewed in full force and effect year-to-year thereafter except as otherwise provided in the agreement. (See Note E - Related Party Transactions)

Income Tax Exemption

Internal Revenue Code section 115 states that gross income does not include income derived from the exercise of any governmental function and accruing to a state or any political subdivision thereof. The Authority is tax exempt as a result of this Internal Revenue Code section.

Qualified Charitable Organization

Internal Revenue Code section 170(c) states that contributions made to a political subdivision (the Authority) are tax deducted by the donor for income tax purposes, only if the contribution or gift is made for exclusively public purposes.

NOTE B – CASH

At December 31, 2019 the bank balance on hand was \$150,548 and was FDIC insured by Susquehanna Community Bank. The book balance equaled \$131,653 as reconciled. Below is the breakdown of the cash balances:

	<u>Bank Balance</u>	<u>Book Balance</u>
General operating checking	\$ 124,426	\$ 105,331
Designated Donations	26,122	26,122
Office petty cash	-	200
Total	<u>\$ 150,548</u>	<u>\$ 131,653</u>

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – PROPERTY AND EQUIPMENT

<u>Description</u>	<u>Life</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land–BV Rail Trail	-	\$ 150,000	\$ -	\$ (150,000)	\$ -
Buffalo Valley Rail Trail	40 yrs	4,603,947	-	(4,603,947)	-
Pool improvements	25 yrs	1,125,664	-	-	1,125,664
Park improvements	25 yrs	1,145,258	-	-	1,145,258
Park equipment	15 yrs	619,129	15,000	-	634,129
Gym leasehold improvements	10 yrs	65,451	-	-	65,451
Equipment	5-7 yrs	<u>45,833</u>	<u>-</u>	<u>-</u>	<u>45,833</u>
		7,755,282	15,000	(4,753,947)	3,016,335
Amortization and depreciation		<u>(2,535,177)</u>	<u>(185,862)</u>	<u>776,174</u>	<u>(1,944,865)</u>
		<u>\$ 5,220,104</u>	<u>\$ (170,862)</u>	<u>\$(3,977,773)</u>	<u>\$1,071,470</u>

Total depreciation expense for the year equaled \$185,862.

NOTE D – LONG TERM DEBT

On December 7, 2016, both the Borough of Lewisburg and East Buffalo Township each loaned the Authority \$86,063.53 for a total of \$172,127.06. All proceeds were used to pay off the PennVest Loan.

The terms of the Lewisburg Borough loan are 0.92% for 10 years with payments of \$754.00 per month until December 31, 2026.

The terms of the East Buffalo Township loan are 0.0% for 10 years with payments of \$717.20 per month until December 31, 2026.

Debt service payments for each of the five years following December 31, 2019 and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2020	\$ 17,092	563	\$ 17,655
2021	17,170	485	17,655
2022	17,249	406	17,655
2023	17,329	326	17,655
2024	17,408	246	17,654
Thereafter	<u>35,136</u>	<u>248</u>	<u>52,964</u>
	<u>\$121,384</u>	<u>\$ 2,274</u>	<u>\$ 123,658</u>

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE E -- RELATED PARTY TRANSACTIONS

On August 19, 2004 a management agreement was signed between the Borough of Lewisburg and the Buffalo Valley Area Recreation Authority ("BVRA"). The term of the agreement is for 25 years and expires August 31, 2029.

The Borough does not pay the Authority any compensation for the management services it renders, but may at its discretion periodically contribute to the Authority some of its municipal funds as may be properly budgeted, approved and authorized by the Borough Council.

On September 17, 2019 an addendum to management agreement was made whereby the Borough of Lewisburg agrees that for 2019 it shall make a financial contribution to the Authority in the amount of \$66,273.00 which amount shall be paid to the Authority in installments as determined by the Borough as to specific amounts and dates of payment. Following 2019, the Borough of Lewisburg shall increase its 2019 contribution amount to BVRA by two percent (2%) each year until December 31, 2022 and at a negotiated rate of increase for the remaining term of the Agreement thereafter.

On September 10, 2018 an agreement with regard to recreation was signed between the Township of East Buffalo and the Buffalo Valley Area Recreation Authority. The Township shall contribute \$118,352 to the Buffalo Valley Area Recreation Authority in 2019. The Township's contribution shall be increased by an amount not to exceed 2% of the previous year's contribution for each year this agreement remains in full force and effect. The Township may, but is not obligated to, provide additional funds to BVRA if Township, in its sole and absolute discretion determines that the same is warranted. Factors to be considered in making the determination shall include but not limited to the BVRA acquiring additional physical facilities, catastrophic events not caused by BVRA and substantial increase in costs outside the control of BVRA.

During 2019 the Borough of Lewisburg and East Buffalo Township made financial contributions in the amount of \$66,273 and \$118,352 respectively, for a total of \$184,625.

In addition to the operating subsidies just mentioned above, and also disclosed on Note D, in December 2016, the Borough of Lewisburg and East Buffalo Township each paid \$86,063.53 for a total of \$172,127 towards paying off the PennVest Loan. At December 31, 2019 the collective balance from the municipality loans was \$121,384. The interest rate on the East Buffalo Township loan is 0% and the interest rate on the Borough of Lewisburg loan approximates 0.92%.

NOTE F – EMPLOYEE RETIREMENT

During the year, the Authority expensed \$1,648 for an individual retirement account for the Executive Directors.

NOTE G – DONATED SERVICES AND FACILITIES

In accordance with the By-laws of the Buffalo Valley Recreation Authority, the Board of Directors shall serve without remuneration. The Board meets at least once a month and with a majority vote shall decide any question properly before the Board such as recreational issues, governmental contracts, legal and financial matters. No amounts for donated services have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS 116 have not been satisfied.

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE G – DONATED SERVICES AND FACILITIES (continued)

No value has been placed on the recreational facilities in the Lewisburg Area Recreation Park other than the improvements which are being amortized over the life of the management agreement with the Lewisburg Borough.

NOTE H – LEASE COMMITMENTS

The Authority had gym and office space under leases located at 815 Market Street, Suite 182, Lewisburg, PA 17837.

The gym lease was entered into on August 1, 2017 for a period of ten years. Rent payments began on November 1, 2017. Annual rent for the first three years was \$91,000.

The office lease entered into on May 23, 2017 terminated on May 30, 2019. The annual rent was \$6,752 or \$562.66 per month for 2 years. Without a written agreement rent in the amount of \$562.66 per month was paid through 12/31/19.

Total rent expense for the above leases were \$97,752 for the year ending December 31, 2019.

Subsequent to year end a new lease was entered into combining the Gym and the Offices. The term of the lease is for ten (10) years commencing on January 1, 2020 and expiring on December 21, 2029.

Future year's payout for the above lease obligations are as follows:

2020	\$ 99,000
2021	103,250
2022	103,250
2023	103,250
2024	103,250
2025	107,500
2026	107,500
2027	107,500
2028	107,500
2029	<u>111,750</u>
Total	<u>\$ 1,053,750</u>

NOTE I - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; to employees; and natural disasters. The Authority provides for these risks by the purchase of commercial insurances.

**BUFFALO VALLEY RECREATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE J – BUFFALO VALLEY RAIL TRAIL DISCONTINUANCE AND CONVEYANCE

On June 6, 2019 Buffalo Valley Recreation Authority granted, bargained, sold, aliened, released, and conveyed the rail trail in its entirety to Union County Trail Authority. The net book value of the assets conveyed amounted to \$3,977,773, asset cost of \$4,753,947 less accumulated depreciation of \$776,174. Loss from discontinued operations amounted to \$3,977,773 as presented in the Statement of Revenues, Expenses, and Changes in Net Position after income from operation.

NOTE K - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through July 2, 2020, the date which the financial statements were available to be issued.

The Authority has temporarily closed its facilities and swimming pool to the public, but plans to reopen after the Corona virus pandemic is over, however the Board cannot determine when that might be. The Board believes that there is no going concern issue and will be able to survive during this non-operating period. Should the need arise Management believes that Lewisburg Borough and East Buffalo Township will fund operations for the loss of revenues.
