



**GREATER VALLEJO
RECREATION DISTRICT**

Annual Financial Report For the Year Ended

June 30, 2021

With Independent Auditor's Report

Mann, Urrutia, Nelson, CPAs & Associates, LLP
1760 Creekside Oaks Drive, Suite 160
Sacramento, California 95833

**GREATER VALLEJO RECREATION DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021**

	Page
INTRODUCTORY SECTION:	
District Officials	i
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15
Notes to the Basic Financial Statements	16 - 37
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	38
Notes to Required Supplementary Information - Budgetary Accounting and Control	39
Schedule of the District's Proportionate Share of the Net Pension Liability	40
Schedule of Pension Contributions	41
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	42
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Measure K	43
OTHER 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 <i>Government Auditing Standards</i> .	44
Schedule of Current Year Findings	45
Schedule of Prior Year Findings	46

INTRODUCTORY SECTION

**GREATER VALLEJO RECREATION DISTRICT
DISTRICT OFFICIALS
JUNE 30, 2021**

BOARD OF DIRECTORS

Chairperson	Robert Briseno
Vice Chairperson	Gary Salvadori
Secretary	Sheryl Pannell Lea
Director	Adjoa McDonald
Director	Ron Bowen

OPERATIONS

General Manager	Gabriel Lanusse
Finance Director	Penny Harman
Recreation Superintendent	Antony Ryans, Interim
Project Manager	Thomas Judt
Maintenance Superintendent	Salvador Nuno

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Vallejo Recreation District
Vallejo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greater Vallejo Recreation District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Greater Vallejo Recreation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Greater Vallejo Recreation District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension related schedules, and the schedules of changes in the District's total OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Vallejo Recreation District's basic financial statements. The introductory section and schedule of revenues, expenditures, and changes in fund balance Measure K, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of Greater Vallejo Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Vallejo Recreation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Vallejo Recreation District's internal control over financial reporting and compliance.



Sacramento, California
October 31, 2022

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

As Management of the Greater Vallejo Recreation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2021 by \$20,746,328 (net position). Of this amount, \$18,617,884 is invested in capital assets; \$238,140 is restricted for capital projects; and \$1,890,304 is unrestricted.
- The District's total net position decreased by \$623,573 as a result of operations.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$8,397,833, a net decrease of \$510,501 from the prior year's balance of \$8,908,334. Restricted fund balance totaled \$238,140, whereas unassigned fund balance totaled \$8,159,693.
- At the end of the fiscal year, the General Fund reported total assets of \$8,785,251, total liabilities of \$625,558, and a total fund balance of \$8,159,693. Of the total fund balance, the unassigned fund balance of the General Fund totaled \$8,159,693 or 87% of total General Fund expenditures at year-end.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is strengthening or weakening.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the District are reported as governmental funds.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, which focus on the long-term, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term capability of maintaining service delivery levels.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with what is presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term funding choices. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the District's financial statements. Each note is in sequence with the financial statements and can be found on pages 16 - 37 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension liability and other post-employment benefits (OPEB) liability. The District adopts an annual appropriated budget for all of its funds. Budgetary information on the District's General Fund can be found on pages 38. These schedules demonstrate compliance with the adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of the government-wide data follows.

	Statement of Net Position			
	Governmental Activities			
	2021	2020	Net Change	% Change
ASSETS				
Current and other assets	\$ 9,023,391	\$ 9,469,991	\$ (446,600)	(5)%
Capital assets	<u>18,617,884</u>	<u>18,360,473</u>	<u>257,411</u>	<u>1 %</u>
Total Assets	<u>27,641,275</u>	<u>27,830,464</u>	<u>(189,189)</u>	<u>(1)%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,254,299</u>	<u>2,386,476</u>	<u>(132,177)</u>	<u>(6)%</u>
LIABILITIES				
Long-term liabilities	8,003,080	7,835,021	168,059	2 %
Other liabilities	<u>916,231</u>	<u>835,214</u>	<u>81,017</u>	<u>10 %</u>
Total Liabilities	<u>8,919,311</u>	<u>8,670,235</u>	<u>249,076</u>	<u>3 %</u>
DEFERRED INFLOWS OF RESOURCES	<u>229,935</u>	<u>176,804</u>	<u>53,131</u>	<u>30 %</u>
NET POSITION				
Investment in capital assets	18,617,884	18,360,473	257,411	1 %
Restricted	238,140	238,140	-	-
Unrestricted	<u>1,890,304</u>	<u>2,771,288</u>	<u>(880,984)</u>	<u>(32)%</u>
Total Net Position	<u>\$ 20,746,328</u>	<u>\$ 21,369,901</u>	<u>\$ (623,573)</u>	<u>(3)%</u>

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

By far, the largest portion of the District's net position is unspendable (\$18,617,884 or 90%) and reflects its investment in capital assets (e.g. infrastructure, land, buildings, equipment). The District's remaining net position consists of restricted funds of \$238,140 which are resources subject to external restrictions, and unrestricted net position totaling \$1,890,304.

Changes in Net Position

	Governmental Activities			
	2021	2020	Net Change	% Change
REVENUES:				
Program Revenues				
Charges for services	\$ 2,393,597	\$ 3,446,312	\$ (1,052,715)	(31)%
Operating grants and contributions	710,786	506,024	204,762	40 %
General Revenues				
Property taxes	5,238,899	4,905,942	332,957	7 %
Investment earnings	476,545	597,954	(121,409)	(20)%
Other revenues	<u>59,040</u>	<u>216,376</u>	<u>(157,336)</u>	<u>(73)%</u>
Total Revenues	<u>8,878,867</u>	<u>9,672,608</u>	<u>(793,741)</u>	<u>(8)%</u>
EXPENSES:				
Park and recreation	<u>9,502,440</u>	<u>9,961,098</u>	<u>(458,658)</u>	<u>(5)%</u>
Total Expenses	<u>9,502,440</u>	<u>9,961,098</u>	<u>(458,658)</u>	<u>(5)%</u>
Change in net position	(623,573)	(288,490)	(335,083)	116 %
Net Position Beginning	<u>21,369,901</u>	<u>21,658,391</u>	<u>(288,490)</u>	<u>(1)%</u>
Net Position Ending	<u>\$ 20,746,328</u>	<u>\$ 21,369,901</u>	<u>\$ (623,573)</u>	<u>(3)%</u>

Key elements for the changes in revenues and expenses for governmental activities are as follows:

- Charges for services decreased \$1,052,715 primarily as a result of the closure of facilities and cancellation of programs due to the statewide stay at home orders in response to the COVID-19 pandemic.
- Investment earnings decreased \$121,409 primarily as a result of the closure of facilities and cancellation of programs due to the statewide stay at home orders in response to the COVID-19 pandemic.
- Park and recreation expenses decreased by \$458,658 primarily as a result of the completion of the renovation of Cunningham Pool.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Each fund functions as its own entity with its own set of financial statements for analyses of revenues, expenses, assets, liabilities, and fund balance.

Under the Governmental Accounting Standards Board Statement No. 54, fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balances are amounts that are inherently nonspendable, i.e. cannot be spent because of their form or because they must be maintained intact. Restricted fund balances are amounts with externally enforceable limitations on use, such as limitations imposed by creditors or grantors, and limitations imposed by other governments. Committed fund balances are amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision making authority (the Board of Directors). Assigned fund balances are amounts constrained by the District's intent to be used for specific purposes. Unassigned fund balances, the residual net resources, are the amounts in excess of nonspendable, restricted, committed, and assigned amounts. Negative fund balances are included in the unassigned fund balance category.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the District's current resources available for service delivery.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,397,833, a decrease of \$510,501, over the prior year balance. The decreased fund balance is the result of expenditures exceeding revenues.

The General Fund has a positive unassigned fund balance of \$8,159,693. The Capital Projects fund has a positive restricted fund balance of \$238,140.

General Fund

The General Fund is the chief operating fund of the District. Fiscal year 2020-21 decreased the District's General Fund balance by \$510,501 to an ending fund balance of \$8,159,693.

General Fund expenditures exceeded revenues by \$510,501 primarily due to a decrease in park and recreation service revenues related to state mandated closures due to the COVID-19 pandemic and an increase in capital outlay expenditures related to the Cunningham Pool renovation project.

The following table provides a two-year comparison of revenues by source and expenditures by function. Accompanying the tables are brief explanations of significant changes.

**Revenues Classified by Source
General Fund
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Percent</u>
Property taxes and assessments	\$ 7,305,302	\$ 6,972,345	\$ 332,957	5 %
Intergovernmental	710,786	488,948	221,838	45 %
Use of money and property	476,545	597,909	(121,364)	(20)%
Redevelopment fund	-	17,076	(17,076)	(100)%
Donations	4,099	3,937	162	4 %
Other revenues	54,941	212,439	(157,498)	(74)%
Park and recreation services	<u>327,194</u>	<u>1,379,909</u>	<u>(1,052,715)</u>	<u>(76)%</u>
	<u>\$ 8,878,867</u>	<u>\$ 9,672,563</u>	<u>\$ (793,696)</u>	<u>(8)%</u>

Total General Fund revenues decreased by \$793,696 or 8% from the prior fiscal year and are driven by a combination of factors:

- Taxes and assessments increased by \$332,957 or 5%, which is just above the normal range of 2-4%.
- Use of money and property decreased by \$121,364 or 20% due to a decrease in facility rental fees.
- Other revenues decreased by \$157,498 or 74% primarily due to the closure of facilities and cancellation of programs due to the statewide stay at home orders in response to the COVID-19 pandemic.
- Park and recreation services revenue decreased by \$1,052,715 or 76% primarily due to the closure of facilities and cancellation of programs due to the statewide stay at home orders in response to the COVID-19 pandemic.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

**Expenditures
General Fund
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Percent</u>
Salaries and benefits	\$ 5,373,567	\$ 6,055,549	\$ (681,982)	(11)%
Services and supplies	1,672,402	2,392,325	(719,923)	(30)%
Capital outlay	<u>2,343,399</u>	<u>2,525,865</u>	<u>(182,466)</u>	<u>(7)%</u>
	<u>\$ 9,389,368</u>	<u>\$ 10,973,739</u>	<u>\$ (1,584,371)</u>	<u>(14)%</u>

The above General Fund expenditures remain categorically consistent and decreased by \$1,584,371 or 14% from the prior fiscal year primarily due to the closure of facilities and cancellation of programs due to the statewide stay at home orders in response to the COVID-19 pandemic.

GENERAL FUND BUDGETARY HIGHLIGHTS

Each year, the District develops the annual budget for revenues and expenditures using a realistic, but conservative methodology based upon the best information available at that time. During the course of the fiscal year, the Board of Directors is presented with financial status reports and approves amendments to budgeted revenue and expenditure projections as needed, so as to ensure that the District's budget continuously provides an accurate measurement of available fiscal resources to achieve the Board of Directors priorities.

The final General Fund budget for the fiscal year ending June 30, 2021 projected revenue of \$9,286,748 and expenditures of \$9,188,687, and an increase in fund balance of \$98,061. The General Fund's actual performance for the year however, ended with revenues totaling \$8,878,867 or \$407,881 less than projected and expenditures totaling \$9,389,368, or \$200,681 more than budgeted, resulting in an annual operating deficit of \$510,501.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets include land, construction in progress, buildings and improvements, vehicles and equipment, and park facilities. As of June 30, 2021, the District's investment in capital assets totaled \$18,617,884 (net of accumulated depreciation) which increased over the prior fiscal year by \$257,411, which is the result of current year asset investments exceeding annual depreciation.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS (NET OF DEPRECIATION)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 850,598	\$ 850,598
Construction in progress	2,036,312	1,786,312
Buildings	3,792,863	3,583,321
Parks	3,020,930	2,858,064
Park improvements	24,115,285	23,886,049
Buildings improvements	1,179,475	1,179,475
Vehicles	922,069	815,829
Maintenance equipment	659,504	527,569
Office equipment	733,213	754,988
Other assets	16,332	16,332
Accumulated depreciation	<u>(18,708,697)</u>	<u>(17,898,064)</u>
Total	<u>\$ 18,617,884</u>	<u>\$ 18,360,473</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term Debt

As of June 30, 2021, the District had total debt outstanding of \$290,673, which is comprised of \$290,673 in compensated absences.

OUTSTANDING DEBT

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Compensated absences	\$ <u>290,673</u>	\$ <u>273,557</u>
Total	<u>\$ 290,673</u>	<u>\$ 273,557</u>

Additional information about the District's long-term debt can be found in Note 4 to the financial statements.

Districts Pension and OPEB Liabilities

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Net pension liability	\$ 5,735,667	\$ 5,379,190
OPEB liability	<u>2,267,413</u>	<u>2,455,831</u>
Total	<u>\$ 8,003,080</u>	<u>\$ 7,835,021</u>

The District's net pension liability and OPEB liability increased by \$168,059 or 2%. Additional information on the District's net pension liability and OPEB liability can be found in notes 8 and 9, respectively.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS

On March 19, 2020, Governor Gavin Newsom issued a stay at home order to protect the health and well-being of all Californians and to establish consistency across the state in order to slow the spread of COVID-19.

The administration of the District is an essential service. As such, full-time District employees continue to work providing administrative services such as payroll and human resources, maintenance of parks and facilities, and virtual recreation services. These operations will be adjusted as necessary to meet current health guidelines, community needs and financial conditions.

The District's financial position continues to be adequate. Property taxes and assessments are the primary source of funding for the District. Property tax revenues increased in FY 2020-21 by 5%. The District's financial planning is based on specific assumptions from recent trends in real property values, State of California economic forecasts and historical growth patterns in the various communities served by the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability. The District will continue to maintain a watchful eye over expenditures and remains committed to sound fiscal management practices to deliver the highest quality service to the citizens of the greater Vallejo area.

REQUESTS FOR INFORMATION

This financial statement is designed to provide our citizens, taxpayers, customers, and residents with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Greater Vallejo Recreation District, 395 Amador Street, Vallejo, California, 94590, (707) 648-4600 or you may contact the General Manager or Finance Director at the information listed below.

General Manager	Gabe Lanusse	(707) 648-4603	glanusse@gvrd.org
Finance Director	Penny Harman	(707) 648-4617	pharman@gvrd.org

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Cash and investments (Note 2)	\$ 8,964,145
Accounts receivable	59,246
Capital assets (Note 3):	
Non-depreciable	2,886,910
Depreciable, net	<u>15,730,974</u>
Total Capital Assets, net	<u>18,617,884</u>
Total Assets	<u>27,641,275</u>

DEFERRED OUTFLOWS OF RESOURCES

Changes in the net pension liability (Note 8)	1,171,184
Changes in the OPEB liability (Note 9)	<u>1,083,115</u>
Total Deferred Outflows of Resources	<u>2,254,299</u>

LIABILITIES

Accounts payable	476,721
Accrued payroll and benefits	143,298
Accrued expenses	3,289
Deposits payable	2,250
Accrued compensated absences (Note 4):	
Due within one year	290,673
Net pension liability (Note 8):	
Due in more than one year	5,735,667
OPEB liability (Note 9):	
Due in more than one year	<u>2,267,413</u>
Total Liabilities	<u>8,919,311</u>

DEFERRED INFLOWS OF RESOURCES

Changes in the net pension liability (Note 8)	89,069
Changes in the OPEB liability (Note 9)	<u>140,866</u>
Total Deferred Inflows of Resources	<u>229,935</u>

NET POSITION

Investment in capital assets	18,617,884
Restricted for:	
Capital projects	238,140
Unrestricted	<u>1,890,304</u>
Total Net Position	<u>\$ 20,746,328</u>

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

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities:				
Parks and recreation	\$ <u>9,502,440</u>	\$ <u>2,393,597</u>	\$ <u>710,786</u>	\$ <u>(6,398,057)</u>
Total governmental activities	\$ <u>9,502,440</u>	\$ <u>2,393,597</u>	\$ <u>710,786</u>	<u>(6,398,057)</u>
General revenues:				
Property taxes				5,238,899
Interest income				476,545
Other revenue				<u>59,040</u>
Total general revenues				<u>5,774,484</u>
Change in net position				(623,573)
Net position - July 1, 2020				<u>21,369,901</u>
Net position - June 30, 2021				\$ <u>20,746,328</u>

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

**GREATER VALLEJO RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 8,726,005	\$ 238,140	\$ 8,964,145
Accounts receivable	<u>59,246</u>	<u>-</u>	<u>59,246</u>
Total Assets	<u>\$ 8,785,251</u>	<u>\$ 238,140</u>	<u>\$ 9,023,391</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 476,721	\$ -	\$ 476,721
Accrued payroll and benefits	143,298	-	143,298
Accrued expenses	3,289	-	3,289
Deposits payable	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Total Liabilities	<u>625,558</u>	<u>-</u>	<u>625,558</u>
FUND BALANCES			
Restricted	-	238,140	238,140
Unassigned	<u>8,159,693</u>	<u>-</u>	<u>8,159,693</u>
Total Fund Balances	<u>8,159,693</u>	<u>238,140</u>	<u>8,397,833</u>
Total Liabilities and Fund Balances	<u>\$ 8,785,251</u>	<u>\$ 238,140</u>	<u>\$ 9,023,391</u>

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

**GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balances of governmental funds		\$ 8,397,833
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds, net of accumulated depreciation of \$18,708,697.		18,617,884
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.		1,171,184
Deferred outflows of resources related to changes in the OPEB liability are not applicable to the current period.		1,083,115
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(290,673)
Net pension liability		(5,735,667)
OPEB liability		(2,267,413)
Deferred inflows of resources related to changes in the net pension liability are not applicable to the current period.		(89,069)
Deferred inflows of resources related to changes in the OPEB liability are not applicable to the current period.		<u>(140,866)</u>
Net position of governmental activities		<u>\$ 20,746,328</u>

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

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Projects	Total Governmental Funds
<u>REVENUES</u>			
Property taxes and assessments	\$ 7,305,302	\$ -	\$ 7,305,302
Intergovernmental revenues	710,786	-	710,786
Use of money and property	476,545	-	476,545
Donations	4,099	-	4,099
Other revenues	54,941	-	54,941
Park and recreation services	327,194	-	327,194
Total Revenues	8,878,867	-	8,878,867
<u>EXPENDITURES</u>			
Current:			
Salaries and benefits	5,373,567	-	5,373,567
Services and supplies	1,672,402	-	1,672,402
Capital outlay	2,343,399	-	2,343,399
Total Expenditures	9,389,368	-	9,389,368
Net Change in Fund Balances	(510,501)	-	(510,501)
Fund Balances - July 1, 2020	8,670,194	238,140	8,908,334
Fund Balances - June 30, 2021	\$ 8,159,693	\$ 238,140	\$ 8,397,833

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

**GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$	(510,501)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset purchases		1,145,815
Depreciation expense		(888,404)
Compensated absence expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.		
		(17,116)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense related to deferred outflows and inflows of resources		(318,347)
OPEB expense related to deferred outflows and inflows of resources		<u>(35,020)</u>
Change in net position of governmental activities	\$	<u><u>(623,573)</u></u>

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

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Greater Vallejo Recreation District (the District) was organized as a special district in 1944. The District is governed by a Board of Directors whose members are appointed by both the City Council of the City of Vallejo and regional representatives to the Solano County Board of Supervisors.

The District's mission is to provide recreation opportunities, education for the proper use of leisure time and conservation of resources in the area. The District strives to provide opportunities for all citizens of the District, with an emphasis on family and youth oriented programs and facilities. To this end the District's finances are predicated on adequate resources to provide facilities and services leading to a continuous evaluation of revenue sources including property taxes, user fees, and rental from properties. In addition, the District has a long-standing supportive relationship with non-profit and youth organizations throughout the community who provide valuable recreational opportunities for youth.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments.

A. The Reporting Entity

The accompanying basic financial statements present the financial activities of the District, which has no component units.

B. Basis of Presentation

The District's 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 of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. An emphasis is placed on major funds with each major fund displayed in a separate column.

The fund types of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Major Funds

The District reported the following major governmental funds in the accompanying financial statements:

General Fund - The General fund is the primary operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General fund also includes the activities of Measure K, a voter approved parcel tax assessed to property owners within the District.

Capital Projects - The Capital Projects fund is used to account for the acquisition or construction of capital assets.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported.

All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

Cash and investments include amounts in demand deposit accounts as well as short-term and long-term investments with the county investment pool. Substantially all of the District's cash and investments are held by the County of Solano (County) as its fiscal agent. The District's investments are reported at fair value. The fair value represents the amount the District could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is obtained by using quotations obtained from independent published sources. The District also maintains a general checking account to facilitate the processing of transactions.

As permitted by the California Government Code, the District is permitted to invest in the County's cash and investment pool, obligations of the U.S. Treasury or its agencies, certificates of deposit, mutual funds invested in U.S. Government securities, and other permitted investments.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the quarter-end balances and is adjusted at fiscal year-end.

E. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grants, interest, and other fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

F. Capital Assets

Government-wide Statements

In the government-wide financial statements, capital outlay with a cost of \$1,000 or more and a useful life of one year or longer is capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Donated capital assets are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and parks	15 - 50 years
Park improvements	10 - 15 years
Building improvements	15 years
Vehicles and maintenance and office equipment	5 - 20 years
Other assets	5 - 20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Property Taxes

Solano County assesses properties, bills, collects, and distributes property taxes and assessments to the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

The District recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

H. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave. Unused vacation and compensatory time off benefits are paid to employees upon termination. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature.

I. 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 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. Investments are reported at fair value.

J. Other Postemployment Benefits (OPEB)

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

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 - June 30, 2021

K. Deferred Outflows/Inflow of Resources

In addition to assets, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Equity Classifications

Government-wide Statements

Net position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the Government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the Board of Directors' intent to be used for specific purposes through a resolution, but are neither restricted or committed. The Board of Directors assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.
- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the District's fund balance classification is described in Note 6.

M. Use of Estimates

The preparation of financial statements in accordance 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 these estimates.

N. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

O. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2020, the District implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District adopted this accounting guidance for its June 30, 2021 year-end. There was no impact to the District's financial statements as a result of adopting this standard.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The District adopted this accounting guidance for its June 30, 2021 year-end. There was no impact to the District's financial statements as a result of adopting this standard.

P. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2021 or later.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The District has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

Governmental Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to the accounting and financial reporting for Section 457 plans are effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

NOTE 2: CASH AND INVESTMENTS

Cash and investments were carried at fair value as of June 30, 2021 and consisted of the following:

Cash in banks	\$ 3,319,815
Cash held by Solano County	<u>5,644,330</u>
Total cash and investments	<u>\$ 8,964,145</u>

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the District

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
United States Treasury bills, bonds and notes	5 years	100%	None
Federal Agency or U.S Government-sponsored obligations	5 years	100%	None
Local Agency Investment Fund (LAIF)	NA	100%	None
County pooled investment funds	NA	100%	None
Money market funds	NA	20%	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	None
Non-negotiable certificates of deposit	5 years	100%	None
Medium term corporate notes	5 years	30%	None
California local agency obligations	5 years	100%	None
Supranationals	5 years	30%	None
Asset-backed securities	5 years	20%	None

Investment in County Investment Pool

The District is a voluntary participant in the Solano County Investment Pool. Investments are made by the Solano County Treasurer and are regulated by the California Government Code and the County investment policy, which is approved annually by the County Treasury Oversight Committee. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code and the County investment policy. Adherence to the statutes and investment policy is monitored by the Solano County Board of Supervisors and the Treasury Oversight Committee via monthly reports and an annual audit. Investment income earned on the District's cash is allocated quarterly to the District. Changes in fair value are included in investment income. Redeemed or sold shares are priced at book value, which includes realized investment earnings such as interest income, realized gains or losses upon sale of investments, and amortized premiums and discounts. This number may differ from the shares' fair value, which would include unrealized gains or losses based on market conditions. Additional information regarding insurance, collateralization, and custodial risk categorization of the County's cash and investments is presented in the notes to the County's basic financial statements.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the Board of Directors.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2021.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year end for each investment type.

	Total	Rating as of Fiscal Year End		
		Minimum Legal Rating	S&P	Moody's
Solano County Investment Pool	\$ 5,644,330	N/A	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2021, there were no investments in any one issuer (other than external investment pools) that represent 5 percent or more of total District investments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the District's investment policy requires that all of its managed investments shall be held in the name of the District in safekeeping by a third party bank trust department.

The District's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

As of June 30, 2021, the carrying amount of the District's deposits was \$3,319,815 and bank balances were \$3,560,441. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 850,598	\$ -	\$ -	\$ 850,598
Construction-in-progress	<u>1,786,312</u>	<u>250,000</u>	<u>-</u>	<u>2,036,312</u>
Total capital assets not being depreciated	<u>2,636,910</u>	<u>250,000</u>	<u>-</u>	<u>2,886,910</u>
Capital assets being depreciated				
Buildings	3,583,321	209,542	-	3,792,863
Parks	2,858,064	162,866	-	3,020,930
Park improvements	23,886,049	229,236	-	24,115,285
Building improvements	1,179,475	-	-	1,179,475
Vehicles	815,829	162,236	(55,996)	922,069
Maintenance equipment	527,569	131,935	-	659,504
Office equipment	754,988	-	(21,775)	733,213
Other assets	<u>16,332</u>	<u>-</u>	<u>-</u>	<u>16,332</u>
Total capital assets being depreciated	<u>33,621,627</u>	<u>895,815</u>	<u>(77,771)</u>	<u>34,439,671</u>
Accumulated depreciation				
Buildings	(615,505)	(149,695)	-	(765,200)
Parks	(2,173,533)	(58,462)	-	(2,231,995)
Park Improvements	(12,515,739)	(527,706)	-	(13,043,445)
Building Improvements	(1,122,647)	(6,153)	-	(1,128,800)
Vehicles	(588,014)	(79,207)	55,996	(611,225)
Maintenance equipment	(379,377)	(47,271)	-	(426,648)
Office equipment	(502,261)	(18,922)	21,775	(499,408)
Other assets	<u>(988)</u>	<u>(988)</u>	<u>-</u>	<u>(1,976)</u>
Total accumulated depreciation	<u>(17,898,064)</u>	<u>(888,404)</u>	<u>77,771</u>	<u>(18,708,697)</u>
Total capital assets being depreciated, net	<u>15,723,563</u>	<u>7,411</u>	<u>-</u>	<u>15,730,974</u>
Total Capital Assets, net	<u>\$ 18,360,473</u>	<u>\$ 257,411</u>	<u>\$ -</u>	<u>\$ 18,617,884</u>

Depreciation expense totaled \$888,404 for the year ended June 30, 2021.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in the District's governmental long-term liabilities for the fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Compensated absences	\$ 273,557	\$ 17,116	\$ -	\$ 290,673	\$ 290,673
Total Governmental Activities	<u>\$ 273,557</u>	<u>\$ 17,116</u>	<u>\$ -</u>	<u>\$ 290,673</u>	<u>\$ 290,673</u>

Compensated Absences

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred.

NOTE 5: INTERGOVERNMENTAL REVENUES

The Greater Vallejo Recreation District operates and manages the Norman C. King South Vallejo Community Center and the John Cunningham Aquatic Complex on behalf of the City of Vallejo by terms of the Master Lease with the City. Through an instrument entitled, "Agreement Between the Redevelopment Agency of the City of Vallejo and Greater Vallejo Recreation District Pursuant to Health and Safety Code Section 33401," the District operates and manages the North Vallejo Community Center.

The City of Vallejo has a Park Dedication Fee Ordinance, which requires homebuyers and developers to pay a fee for the purpose of acquisition, development, or rehabilitation of parks and recreational facilities in accordance with the District's specifications. These funds are held by the City under a separate budget unit in a pooled investment fund. Disbursements are made from this fund upon receipt of a written application from the District and approval by the City Planning Director. The District records revenues as funds are received from the City.

For the year ended June 30, 2021, the City reported the following activities for the benefit of the District.

Fund Balance July 1, 2020	\$ 739,735
Licenses, permits & fees collected	152,529
Investment income	14,351
Expenditures charged	<u>(466,793)</u>
Fund Balance June 30, 2021	<u>\$ 439,822</u>

At June 30, 2021, the City reported assets and deferred inflows of resources for the benefit of the District of:

Cash and investments	\$ 301,061
Receivables	183,864
Unavailable revenues	<u>(45,103)</u>
Fund Equity	<u>\$ 439,822</u>

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: FUND BALANCE

As prescribed by GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The District established the following fund balance policies:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed: Amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Board of Directors is the District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Directors. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted or committed. The Board of Directors has authorized the General Manager as the official authorized to assign fund balance to a specific purpose.

Unassigned: This classification includes the residual balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The accounting policies of the District consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The fund balances for all governmental funds as of June 30, 2021, were distributed as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Restricted			
Capital projects	\$ _____ -	\$ _____ 238,140	\$ _____ 238,140
Total Restricted	_____ -	_____ 238,140	_____ 238,140
Unassigned	_____ 8,159,693	_____ -	_____ 8,159,693
Total Fund Balance	\$ _____ 8,159,693	\$ _____ 238,140	\$ _____ 8,397,833

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation retirement plan in accordance with Internal Revenue Service Code Section 457 (the "457 Plan"). The 457 Plan, available to all full-time employees, allows them to defer a portion of their salary until future years. Withdrawals from the 457 Plan are not permitted to employees until termination, retirement, death, or unforeseeable emergency. Participants may elect to contribute, through salary reductions, up to the IRC(g) limit (\$19,500 in 2021). The 457 Plan does not contain a provision for employer matching contributions except for contractually agreed upon matches.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are held in trust with a third party administrator. Except as may otherwise be permitted or required by law, no assets or income of the 457 Plan shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the 457 Plan.

The 457 Plan assets totaled \$1,672,786 at June 30, 2021. 457 Plan assets consist of investments in mutual funds, which are held in trust and are considered protected from the general creditors of the District.

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pensions Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous risk pool. The District sponsors two plans. Benefit provisions under the Plan are 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 62 if membership date is on or after January 1, 2013 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 each plan are applied as specified by the Public Employees' Retirement Law.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rate plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
	Tier I	PEPRA
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 62
Monthly Benefits, as a % of Eligible Compensation	2.000 - 2.700%	1.000 - 2.500%
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates*	38.672%	8.210%

* The employer contribution rate is the sum of the plan's employer normal cost plus the employer unfunded accrued liability.

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 to the Plan for the year ending June 30, 2021 were \$637,771.

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$5,735,667.

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.13433%
Proportion - June 30, 2021	0.13598%
Change - Increase (Decrease)	0.00165%

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense of \$956,118. At June 30, 2021, 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
Pension contributions subsequent to the measurement date	\$ 637,771	\$ -
Changes of assumptions	-	40,909
Differences between actual and expected experience	295,576	-
Differences between projected and actual investment earnings	170,387	-
Differences between employer's contributions and proportionate share of contributions	-	21,455
Change in employer's proportion	67,450	26,705
Total	\$ 1,171,184	\$ 89,069

\$637,771 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

For the Fiscal Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2022	\$ 54,980
2023	173,956
2024	133,686
2025	81,722

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of mortality improvements using Society of Actuaries 90 percent Scale MP 2016. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 available on CalPERS website.

Changes in Assumptions

For the measurement period June 30, 2020, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Using historical returns of all of the funds' asset classes (which includes the agent plan and the two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Liquidity	1.0%	0.00%	(0.92%)
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%

(a) An expected inflation of 2.0% used for this period

(b) An expected inflation of 2.92% used for this period

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 as of the measurement date, 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 one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability (Asset)	\$ 8,480,121	\$ 5,735,667	\$ 3,468,009

Pension Plan Fiduciary Net Position

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

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

Plan Description

Plan administration: The District administers a single employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The District maintains the same medical plans for its retirees as for its active employees.

Benefits provided: Employees become eligible to retire and receive District-paid healthcare benefits upon retirement with CalPERS and completion of a minimum of 5 years of service with the District. For current active employees, the District will pay for the monthly medical premium under the CalPERS insurance program up to a maximum of \$432 per month for life. Some retired members are also subject to the \$432 maximum, while others have an open benefit that increases with medical inflation according to the premium charged.

As of June 30, 2021, the District had \$1,298,282 designated in its Retiree Benefits account for future OPEB obligations. Since these funds are not held in an irrevocable trust to provide benefits to plan members, these funds do not meet the criteria in GASB Statement No. 75, paragraph 4.

Employees Covered

As of the June 30, 2021 actuarial valuation, membership consisted of the following:

Active plan members	24
Inactive plan members or beneficiaries currently receiving benefit payments	24
Total	48

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The District's total OPEB liability ("TOL") was measured as of June 30, 2021 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions:

Funding Method	Entry Age Normal Cost, level percent of pay	
Discount Rate	2.25%	
Mortality	RP2014 Mortality Table Blended for males and females (50% / 50%). Females are 2 years younger than males for J&S Function.	
Salary Scale	2.75% per annum	
Healthcare Cost Trend Rate	5% in 2022, increasing to 9% in 2023 and grading down to 5% by 2027	
Termination Prior to Retirement	<u>Attained Age:</u>	<u>Rate of Termination:</u>
	20 - 24	15.0%
	25 - 29	10.0%
	30 - 39	6.0%
	40 - 44	3.0%
	45 - 49	0.5%
	50+	0.0%
Age at Retirement	<u>10 Yrs. Svc. & Age 55:</u>	<u>25 Years of Service:</u>
IBEW - DOH	On or before 1/1/96	After 1/1/96
SEIU - DOH	Before 12/31/97	On or after 12/31/97

Changes in Assumptions

In the June 30, 2021 valuation, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25%.

Changes in the OPEB Liability

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

<u>Changes in the Net OPEB Liability</u>	<u>Total OPEB Liability</u>
Total OPEB Liability July 1, 2020	\$ 2,455,831
Service cost	63,621
Interest cost	55,256
Difference between expected and actual experience	(134,880)
Retiree deaths and term	(43,514)
Benefit payments	<u>(128,901)</u>
Net change during 2020-21	<u>(188,418)</u>
Balance at June 30, 2021	<u>\$ 2,267,413</u>

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB 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:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	\$ <u>3,122,200</u>	\$ <u>2,267,413</u>	\$ <u>1,612,000</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ <u>2,166,900</u>	\$ <u>2,267,413</u>	\$ <u>2,369,400</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$201,439. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 263,298	\$ -
Experience gains and losses	<u>819,817</u>	<u>140,866</u>
Total	<u>\$ 1,083,115</u>	<u>\$ 140,866</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2022	\$ 69,756
2023	69,756
2024	69,756
2025	69,756
2026	69,756
Thereafter	593,469

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To mitigate potential losses, the District purchases commercial insurance coverage. It is the opinion of management that coverage for such risks are adequate.

NOTE 11: CONTINGENCIES AND COMMITMENTS

Contingencies

The District is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the District.

In addition, the District has deferred impact fees outstanding from a prior year. The District is working to obtain a repayment plan for the deferred impact fees, however due to the unknown collectibility of the deferred impact fees, the District has not recorded a receivable.

Construction Commitments

At June 30, 2021, the District had construction contracts outstanding of approximately \$149,799 related to the Dan Foley Cultural Center painting, Richarson Madren Field lighting, Amador tennis courts lighting, administration building seismic retrofit and Blue Rock Springs Park caretaker house demolition capital projects.

Public Health Emergency

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the District.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 31, 2022, which is the date the financial statements were available to be issued. No events occurred subsequent to the balance sheet date that require accrual or adjustment to the carrying balances of assets and liabilities in the balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER VALLEJO RECREATION DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>2020 - 2021 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes and assessments	\$ 7,125,998	\$ 7,125,998	\$ 7,305,302	\$ 179,304
Intergovernmental revenues	525,520	525,520	710,786	185,266
Use of money and property	379,358	379,358	476,545	97,187
Redevelopment fund	200,000	200,000	-	(200,000)
Donations	1,000	1,000	4,099	3,099
Other revenues	116,016	116,016	54,941	(61,075)
Park and recreation services	<u>938,856</u>	<u>938,856</u>	<u>327,194</u>	<u>(611,662)</u>
Total Revenues	<u>9,286,748</u>	<u>9,286,748</u>	<u>8,878,867</u>	<u>(407,881)</u>
<u>EXPENDITURES</u>				
Current:				
Salaries and benefits	6,122,695	6,122,695	5,373,567	749,128
Services and supplies	1,942,116	1,942,116	1,672,402	269,714
Capital outlay	<u>1,123,876</u>	<u>1,123,876</u>	<u>2,343,399</u>	<u>(1,219,523)</u>
Total Expenditures	<u>9,188,687</u>	<u>9,188,687</u>	<u>9,389,368</u>	<u>(200,681)</u>
Net change in fund balance	<u>\$ 98,061</u>	<u>\$ 98,061</u>	(510,501)	<u>\$ (608,562)</u>
Fund balance - July 1, 2020			<u>8,670,194</u>	
Fund balance - June 30, 2021			<u>\$ 8,159,693</u>	

**GREATER VALLEJO RECREATION DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY ACCOUNTING AND CONTROL
 FOR THE YEAR ENDED JUNE 30, 2021**

Budgetary Information

The amounts reported as the original budgeted amounts in the budgetary schedule reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedule reflect the amounts after all budget amendments have been accounted for.

Budgetary Controls

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After a public hearing, a final budget is approved by a resolution of the Board of Directors. Copies of the approved budget are sent to all required agencies.

The fiscal year 2020/21 budget document budgeted Measure K carry-forward fund balance as a revenue source. This is not on the GAAP basis of accounting as it simply shows the full amount of Measure K resources available for spending and not just the funds expected to be collected during the fiscal year.

Expenditures in Excess of Appropriations

The General Fund had an excess of expenditures over appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over Appropriations
Capital outlay	\$ <u>1,123,876</u>	\$ <u>2,343,399</u>	\$ <u>(1,219,523)</u>

**GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2021**

Last 10 Years*

	Measurement Period						
	2014	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	varies by plan	0.14757 %	0.14757 %	0.13054 %	0.13291 %	0.13433 %	0.13598 %
Proportionate share of the net pension liability	\$ 3,975,585	\$ 3,574,756	\$ 4,564,785	\$ 5,145,855	\$ 5,008,941	\$ 5,379,190	\$ 5,735,667
Covered payroll	\$ 2,029,435	\$ 1,967,539	\$ 2,023,288	\$ 2,443,866	\$ 3,048,664	\$ 2,858,836	\$ 2,474,482
Proportionate share of the net pension liability as a percentage of covered payroll	195.90 %	181.69 %	225.61 %	210.56 %	164.30 %	188.16 %	231.79 %
Plan fiduciary net position as a percentage of the total pension liability	79.82 %	78.40 %	74.06 %	73.29 %	75.30 %	75.30 %	75.10 %

Notes to Schedule:

Changes in assumptions – In 2020 and 2019, there were no changes in assumptions. In 2018, assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. Additional years' information will be displayed as it becomes available.

**GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
AS OF JUNE 30, 2021**

Last 10 Years*

	Fiscal Year-End						
	2015	2016	2017	2018	2019	2020	2021
Miscellaneous Plan							
Contractually required contribution (actuarially determined)	\$ 343,103	\$ 357,277	\$ 511,478	\$ 536,391	\$ 585,369	\$ 652,772	\$ 637,771
Contributions in relation to the actuarially determined contributions	<u>(343,103)</u>	<u>(357,277)</u>	<u>(511,478)</u>	<u>(536,391)</u>	<u>(585,369)</u>	<u>(652,772)</u>	<u>(637,771)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,029,435	\$ 1,967,539	\$ 2,033,288	\$ 2,443,866	\$ 3,048,664	\$ 2,858,836	\$ 2,474,482
Contributions as a percentage of covered payroll	16.91 %	18.16 %	25.16 %	21.95 %	19.20 %	22.83 %	25.77 %

* Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. Additional years' information will be displayed as it becomes available.

**GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2021**

Last 10 Years*

	Measurement Period			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 7,981	\$ 42,271	\$ 55,972	\$ 63,621
Interest	92,876	97,300	78,136	55,256
Experience gains (losses)	112,406	592,325	107,632	(178,394)
Changes in assumptions	-	-	289,627	-
Benefit payments	<u>(145,203)</u>	<u>(145,203)</u>	<u>(159,157)</u>	<u>(128,901)</u>
Net change in total OPEB liability	68,060	586,693	372,210	(188,418)
Total OPEB liability, beginning	<u>1,428,868</u>	<u>1,496,928</u>	<u>2,083,621</u>	<u>2,455,831</u>
Total OPEB liability, ending (a)	<u>\$ 1,496,928</u>	<u>\$ 2,083,621</u>	<u>\$ 2,455,831</u>	<u>\$ 2,267,413</u>
Covered-employee payroll	\$ 1,557,242	\$ 1,777,118	\$ 1,839,170	\$ 1,845,536
District's total OPEB liability as a percentage of covered-employee payroll	96.13 %	117.25 %	133.53 %	122.86 %

Notes to Schedule:

Changes in assumptions – There were no changes in assumptions for the measurement period ended June 30, 2021. The discount rate was changed from 3.75 percent to 2.25 percent for the measurement period ended June 30, 2020. There were no changes in assumptions for the measurement periods ended June 30, 2019 and June 30, 2018.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only four years are shown. Additional years' information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION

**GREATER VALLEJO RECREATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MEASURE K
FOR THE YEAR ENDED JUNE 30, 2021**

<u>REVENUES</u>	<u>Measure K</u>
Property taxes and assessments	\$ <u>2,100,627</u>
Total Revenues	<u>2,100,627</u>
<u>EXPENDITURES</u>	
Current:	
Salaries and benefits	289,722
Professional services	32,264
Repairs and maintenance	371,366
Utilities	227,500
Recreation supplies and services	51,822
Capital Outlay	<u>1,498,253</u>
Total Expenditures	<u>2,470,927</u>
Net Change in Fund Balances	(370,300)
Fund Balances - July 1, 2020	<u>387,534</u>
Fund Balances - June 30, 2021	\$ <u><u>17,234</u></u>

OTHER 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
Greater Vallejo Recreation District
Vallejo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Greater Vallejo Recreation District (the District) as of and for the year-ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Sacramento, California
October 31, 2022

**GREATER VALLEJO RECREATION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2021**

None

**GREATER VALLEJO RECREATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2021**

Finding 2020-001 Prior Period Adjustments (Significant Deficiency)

We recommend the District record liabilities on the governmental funds balance sheet in accordance with the modified accrual basis of accounting, ensure depreciation is not recorded for non-depreciable capital assets, and deferred outflows of resources related to the OPEB liability are properly stated.

Status

Implemented