

**GREATER VALLEJO
RECREATION DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2018**

GREATER VALLEJO RECREATION DISTRICT

JUNE 30, 2018

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GREATER VALLEJO RECREATION DISTRICT

JUNE 30, 2018

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Craig R. Fechter, CPA, MST

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities of the Greater Vallejo Recreation District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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. 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 of the Greater Vallejo Recreation District as of June 30, 2018, 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.

Board of Directors
Greater Vallejo Recreation District
Vallejo, California

Other Matters

Change in Accounting Principles

As discussed in the Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on other post-employment benefit plans on pages 3-8 and 33-36, respectively, 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 accompanying financial statement of Measure K funding, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement of Greater Vallejo Recreation District. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fechter & Company,
Certified Public Accountants



Sacramento, California
October 31, 2018

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Our discussion and analysis of the Greater Vallejo Recreation District (the District) financial performance provides an overview of the financial position and operating activities for the fiscal year ended June 30, 2018. The purpose of Management's Discussion and Analysis is to assist readers of the financial statements and to better understand the basis of accounting, including the relationship of the statements to each other and the significant differences in the information they provide.

This report has been prepared by management and should be read in conjunction with the financial statements and notes to the financial statements. The District financial report communicates the financial information to the public and community through financial statements and notes to the financial statements. The primary financial statements present the overview of financial position and changes. The notes provide additional information that is essential to a full understanding of the financial statements.

GVRD

The Greater Vallejo Recreation District ("GVRD") is a "Special Service District" that has served Vallejo residents since 1944. As a Special Service District, it operates separately but in partnership with the City of Vallejo. The District operates 35 public parks; 4 community centers, and an Olympic-size swimming pool and manages over 1,000 acres of public land. The District also organizes and manages sports programs, after-school programs, park events, and a variety of leisure classes for over 119,000 people.

GVRD financial statements are prepared from the records and accounts accumulated during the fiscal year. These records and accounts are maintained in accordance with District policies and relevant accounting principles established by the Governmental Accounting Standards Board (GASB). The District's financial statements have been audited each fiscal year.

FINANCIAL INFORMATION

FINANCIAL POSITION

The statement of revenues, expenses, and changes in net position is a presentation of the District's operating results for the year. It indicates whether the financial condition has improved or declined. The difference between assets and liabilities is net position, representing a measure of the current financial condition. The statement of net position is reflected in District accounts.

At June 30, 2018, the District's assets were \$27.437 million, liabilities were \$8.272 million, and net position was \$19.165 million. Capital assets included land, infrastructure, buildings improvements, equipment, and construction in progress. The required funding for capital assets continued to provide the parks and recreation facilities necessary to accommodate the community needs. Changes in other asset categories were relatively insignificant.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL INFORMATION (Continued)

FINANCIAL POSITION (Continued)

The District does not have any short or long-term debt obligations. The Board of Directors annually reviews a debt management policy. This policy addresses inter-fund borrowing, short-term borrowing, long-term borrowing, and debt issuance. The policy provides guidance for ensuring that financial resources are adequate to meet short-term service objectives and that financing undertaken by the Board satisfies certain objectives which allow the District to protect its financial resources in order to meet its long-term needs.

RESULTS OF OPERATIONS

At the end of the fiscal year, the general fund operating total revenues were \$9.940 million and total expenditures were \$9.427 million. The ending fund balance was positive. The major source of funding came from property taxes. The District property tax revenues comprised approximately 64% of its general fund revenue base.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims are recorded only when payment is due.

The District is financially sound. It continues to move forward in spite of the economic factors beyond its control. The District has appropriated a 15% designated reserve fund for future economic uncertainties.

OVERVIEW OF THE FINANCIAL STATEMENTS

DESCRIPTION OF FINANCIAL STATEMENTS

The District's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

Required Supplementary Information is included in addition to the basic financial statements.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

DESCRIPTION OF FINANCIAL STATEMENTS (Continued)

Government-wide financial statements are prepared on the accrual basis of accounting with a focus on economic resources measurement. The Statement of Net Position reports all assets and liabilities, both financial and capital. The Statement of Activities reports all revenue and expenses during the year. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are prepared on the modified accrual basis of accounting and focus on current resources measurement. The Balance Sheet reports only assets and liabilities that represent currently-available-for-spending resources and the unpaid balances that are currently due or come due soon thereafter. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports all revenues collected within the current year or soon thereafter, expenditures for goods and services that have been received during the year and were paid during the year or remain unpaid at the end of the year.

The District maintains its financial records using funds. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. Taking into consideration its size and scope of its operations, the District uses only two governmental funds – General Fund and Capital Projects Fund. Pages 12 and 14 provide reconciliations from the fund financial statements to the government-wide financial statements.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (other than MD&A)

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's fund budgetary comparison, park and recreation services revenues, and capital projects fund revenues and expenditures.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

ANALYSIS OF FUND BALANCES

The largest portion of the District's total fund balance is reflected in the general fund. The general fund balance represents unrestricted funds which may be used for operations and maintenance of capital assets or for any other ongoing obligations to residents of the community and creditors.

The remaining portion of the District's total fund balance is reflected in the capital projects fund. The capital fund balance represents funds designated for the acquisitions, improvements, and maintenance of the District's capital assets (e.g., land, structures, equipment). These funds are maintained in a separate interest-bearing bank account and may be used only for the purpose for which they were designated.

CASH AND INVESTMENTS

The District is one of the special districts participating in the cash and investment pool managed by the County, as their fiscal and investment officer. The deposit with the County functions as an interest-earning demand deposit account. On a monthly basis, the County credits the District's account for its share of the investment earnings. These accounts are fully insured or collateralized by the County or by its agent in the County's name.

Colusa Property

On June 19, 2014, the District purchased a property located at 1110 Colusa Street in Vallejo. The property includes the land and building. The property is to be used for centralized equipment maintenance and operations facility. The building is designated for park services and maintenance department and there are approximately 16 staff members that will be located in this site.

Mare Island Sports Complex

In February 2013, the District was selected to manage the operation and activities of Mare Island Sports Complex. The function is to provide and improve sports activities at the sports complex. The District will also maintain sports equipment, facilities, and highly trained sports staff. The District is responsible for promoting, scheduling, and administering all recreational and sports programs at the Mare Island Sports Complex.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

COMPARATIVE GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	<u>June 30,</u>		Variance	%
	2018	2017		
Assets				
Cash and Investments	\$ 9,013,787	\$ 7,418,452	\$ 1,595,335	21.50%
Accounts Receivable	81,075	390,464	(309,389)	-79.24%
Capital Assets	16,759,827	17,259,894	(500,067)	-2.89%
Deferred Outflows of Resources	1,581,980	1,019,238	562,742	55.21%
Total Assets	<u>27,436,669</u>	<u>26,088,048</u>	<u>1,348,621</u>	5.17%
Liabilities				
Accounts payable and Accrued Expenses	293,244	797,290	504,046	63.22%
Net Pension Liability	5,145,855	4,564,785	(581,070)	-12.29%
Deferred Pensions	545,232	407,806	(137,426)	-33.70%
Net OPEB Liability	1,496,928	-	(1,496,928)	
Compensated Absences Liability	193,563	237,531	43,968	18.51%
Total liabilities	<u>7,674,822</u>	<u>6,007,412</u>	<u>(1,667,410)</u>	-27.76%
Fund equity				
Invested in capital assets, net of related debt	16,759,827	17,259,894	(500,067)	-2.89%
Unrestricted & restricted	3,002,020	2,820,742	181,278	63.85%
Total net position	<u>\$19,761,847</u>	<u>\$20,080,636</u>	<u>\$ (318,789)</u>	-1.59%

CHANGES IN NET POSITION

Revenues				
General				
Taxes	\$ 6,365,401	\$ 6,153,980	\$ 211,421	3.44%
Redevelopment fund	18,143	241,000	(222,857)	-92.72%
Inter-governmental revenues	582,421	510,218	72,203	14.15%
Use of Money and Property	703,173	625,274	77,899	12.46%
Miscellaneous, net	271,802	285,727	(13,925)	-4.87%
Service				
Contract Services	26,927	33,342	(6,415)	-19.24%
Park and Recreation Services	1,972,434	1,856,382	116,052	6.25%
Donations	79	1,984	(1,905)	-96.02
Total revenues	<u>9,940,380</u>	<u>9,707,907</u>	<u>232,473</u>	2.39%
Expenses				
Recreation	8,108,801	9,054,339	945,538	10.44%
Depreciation	774,299	766,561	(7,738)	-1.01%
Total expenses	<u>8,883,100</u>	<u>9,820,900</u>	<u>937,800</u>	9.55%
Change in net position	<u>\$ 1,057,280</u>	<u>\$ (112,993)</u>	<u>\$(3,150,218)</u>	

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CONCLUSION – REQUEST FOR INFORMATION

The District's basic financial statements are prepared to meet the needs of the Directors and management and comply with regulatory requirements. This financial report is also designed to give customers, residents, and others a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and the stewardship of the facilities and programs that it maintains.

If you have any questions about this report or need additional information, contact the Greater Vallejo Recreation District, 395 Amador Street, Vallejo, CA 94590, 707-648-4600.

General Manager	Gabe Lanusse	707-648-4603 glanusse@gvrd.org
Finance Director	Romi Selfaison	707-648-4617 rselfaison@gvrd.org

GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Cash and investments	\$ 9,013,787
Due from other governments	81,075
Capital assets, net	<u>16,759,827</u>
TOTAL ASSETS	<u>25,854,689</u>
DEFERRED OUTFLOWS OF RESOURCES (NOTE 14)	
Deferred pensions	1,581,980
LIABILITIES	
Accounts payable	48,400
Accrued payroll and benefits	243,821
Accrued expenses	1,023
Long-term liabilities:	
Net pension liability	5,145,855
Net OPEB liability	1,496,928
Compensated absences	<u>193,563</u>
TOTAL LIABILITIES	<u>7,129,590</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 14)	
Deferred pensions	545,232
NET POSITION	
Invested in capital assets, net of related debt	16,759,827
Restricted for:	
Park development	237,917
Unrestricted	<u>2,764,103</u>
NET POSITION	<u>\$ 19,761,847</u>

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Parks and recreation	\$ 8,883,100	\$1,972,434	\$ -	\$ -	\$ (6,910,666)
Total Governmental Activities	<u>\$ 8,883,100</u>	<u>\$1,972,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,910,666)</u>

General Revenues

Property taxes and assessments	6,365,401
Intergovernmental revenues	582,421
Use of money and property	703,173
Park dedication fees	18,143
Contract income	26,927
Donations	79
Other revenues	<u>271,802</u>
Total general revenues	7,967,946
Change in net position	1,057,280
Net position at beginning of fiscal year	<u>20,080,636</u>
Prior period adjustment (Note 15)	<u>(1,376,069)</u>
Net position at end of fiscal year	<u>\$ 19,761,847</u>

**GREATER VALLEJO RECREATION DISTRICT
BALANCE SHEET
JUNE 30, 2018**

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and investments	\$ 8,775,870	\$ 237,917	\$ 9,013,787
Accounts receivable	81,075	-	81,075
	TOTAL ASSETS	\$ 237,917	\$ 9,094,862
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 48,400	\$ -	\$ 48,400
Accrued payroll and benefits	243,821	-	243,821
Accrued expenses	1,023	-	1,023
Compensated absences	193,563	-	193,563
	TOTAL LIABILITIES	-	486,807
 Fund Balances			
Reserved for park development	-	237,917	237,917
Assigned for Measure K expenditures	(37,233)	-	(37,233)
Unreserved:			
Assigned for future expenditures	8,407,371	-	8,407,371
	TOTAL FUND EQUITY	237,917	8,608,055
	TOTAL LIABILITIES AND FUND EQUITY	\$ 237,917	\$ 9,094,862

GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018

Fund Balances of Governmental Funds		\$ 8,608,055
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources, and are not included in the governmental funds.		16,759,827
Deferred outflows of resources are not reported in the Statement of Net Position		1,581,980
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Deferred inflows of resources		(545,232)
OPEB liability		(1,496,928)
Net Pension Liability		<u>(5,145,855)</u>
Net position of governmental activities		<u>\$ 19,761,847</u>

GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes and assessments	\$6,365,401	-	\$6,365,401
Intergovernmental revenues	582,421	-	582,421
Use of money and property	702,999	174	703,173
Redevelopment fund	18,143	-	18,143
Donations	79	-	79
Other revenues	271,802	-	271,802
Contract services	26,927	-	26,927
Park and recreation services	1,972,434	-	1,972,434
Total Revenues	9,940,206	174	9,940,380
EXPENDITURES			
Salaries and benefits	4,983,589	-	4,983,589
Services and supplies	2,901,398	-	2,901,398
Capital outlay	274,232	-	274,232
Total Expenditures	8,159,219	-	8,159,219
Excess (Deficit) of Revenues Over (Under) Expenditures	1,780,987	174	1,781,161
Fund Balances, July 1, 2017	6,536,352	237,743	6,774,095
Prior Period Adjustment	52,799	-	52,799
Fund Balances, June 30, 2018	\$ 8,370,138	\$ 237,917	\$ 8,608,055

GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,781,161

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	274,232
Depreciation expense	(774,299)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in accrued pension liability	(43,348)
Changes in OPEB liability	<u>(180,466)</u>

Change in net position of governmental activities \$ 1,057,280

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: DISTRICT

The 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 by 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government Districts. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. Generally, the operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures.

The District reports a General Fund that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund. In addition, it reports a capital projects fund.

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The financial statement combines Fund 01, (general fund), and Fund 07, (city services).

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (continued)

Capital Projects Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities.

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental activities for the entire District.

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District's Government Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the general and capital projects funds. The additional exhibits are presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. This time period is usually sixty days.

Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financial sources.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Auditing Standards Board.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of the General Fixed Asset and the General Long-Term Debt account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings, and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

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

<u>Assets</u>	<u>Useful Life</u>
Buildings	30 years
Building improvements	15 years
Site improvements	10-15 years
Equipment and machinery	5 to 20 years

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

In accordance with provisions of the Public Resources Code, the District prepares and legally adopts a final budget for each fiscal year.

Cash and Investments

The District maintains cash balances with the Treasurer of Solano County in an interest-bearing pooled investment account. Investments are stated at cost, which approximates market. Such investment is within the State Statutes and the District's investment policy.

Capital Project Fund's cash is deposited in a separate interest-bearing account held at a local bank.

Deferred Compensation Agency Fund investments are valued at market and consist of mutual fund type accounts and are held by an insurance company.

Compensated Absences

The District recognizes the employee's rights to receive compensation for future absences. Vested or accumulated vacation, sick leave, and comp time that management estimates will be taken within one-year and use current expendable resources are shown as a liability of the General Fund; the balance of this liability is reported as a long-term liability.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results may differ from those estimates.

Allowance for Doubtful Accounts

The District expects its year-end receivables to be fully collected and accordingly, no allowance for doubtful accounts has been recorded.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (continued)

acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category. Please refer to Note 14 for a detailed listing of the deferred inflows of resources.

Change in Accounting Principles

During the fiscal year ended June 30, 2018, the District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires the Agency recognize in its financial statements the total OPEB liability for the health benefits provided to retirees, less the amounts held in an irrevocable trust account. Due to the implementation of this Statement, total liability increased by \$1,428,868 and total net position decreased by \$1,428,868 as of July 1, 2017.

NOTE 3: CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, are summarized below:

Cash on hand, in banks, and in County	\$9,119,816
---------------------------------------	-------------

Cash on Hand and in Banks

Deposits with the banks and certain financial institutions are insured by the Federal Deposit Insurance Corporation up to the aggregate balance of the current FDIC Deposit Insurance Coverage. All non-interest bearing business checking accounts are fully insured for the entire amount on the deposit. All other deposits are insured up to an aggregate amount of \$250,000 per depositor. In accordance with Section 53652 of the Government Code of the State of California, depository institutions are required to secure deposits made by state and local government units for amounts in excess of the federally insured limit by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

All the District's accounts with the bank were insured up to the amount of the FDIC Deposit Insurance Coverage and the excess balance of the deposits were collateralized by the pledging institutions as mandated by the Section 53652 of the Government Code of the State of California.

GREATER VALLEJO RECREATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 3: CASH AND INVESTMENTS (Continued)

Cash on Hand and in Banks (continued)

At June 30, 2017, the following comprised the District's cash balances:

Business interest checking accounts	<u>\$2,713,979</u>
	<u>\$2,713,979</u>

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs: The Government Code allows investments in obligation of the U.S. Treasury, agencies, instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchased agreements, medium-term corporate notes, mutual funds, and the State Treasurer's Local Agency Investment Fund.

The District held the following balances in a pooled account with the County of Solano:

	<u>Carrying Amount</u>	<u>Market Value</u>
Balance, June 30, 2018	<u>\$6,167,584</u>	<u>\$6,167,584</u>

Pursuant to Government Accounting Standards Board Statement 3, investment in the County pooled investment account is not classified in categories of credit risk. The District's funds are invested in a diversified portfolio, (of underlying investments, e.g., U.S. Treasury obligations), such that it considers the risk of material loss to be minimal. The funds held in the County pooled investment account can be withdrawn on demand.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: CAPITAL ASSETS

The following summarizes the District's capital assets activities for the year:

	Balance June 30, 2016	Additions	Disposals	Adjustments	Balance June 30, 2017
Land	\$ 850,598	\$ -	\$ -	\$ -	\$ 850,598
Buildings	3,017,438	95,000	-	-	3,112,438
Parks	2,858,065	-	-	-	2,858,065
Park Improvements	23,425,501	-	-	-	23,425,501
Building Improvements	1,179,475	-	-	-	1,179,475
Vehicles	535,066	179,232	-	-	714,298
Maintenance Equip	415,502	-	-	-	415,502
Office Equipment	567,127	-	-	-	567,127
Acc. Depreciation	<u>(15,588,878)</u>	<u>(774,299)</u>	-	-	<u>(16,363,177)</u>
	<u>\$ 17,259,894</u>	<u>\$(500,067)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,759,827</u>

For the year ended June 30, 2018, the depreciation expense was \$774,299, all charged to the recreation function.

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 to 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.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: INTERGOVERNMENTAL REVENUES (Continued)

For the year ended June 30, 2018, the City reported the following activities for the benefit of the District.

Fund Balance at June 30, 2017	\$ 510,218
Licenses, Permits & Fees Collected	13,295
Investment income credited	2,153
Other	-
Expenditures charged	<u>(7,308)</u>
Fund Balance at June 30, 2018	<u>\$ 518,358</u>

The following comprised the Fund assets at June 30, 2018:

Cash and investments	\$ 565,563
Receivables	-
Deposits and deferred items	<u>(47,205)</u>
Fund Equity	<u>\$ 518,358</u>

NOTE 6: FUNDS AVAILABLE FOR CAPITAL PROJECTS

At June 30, 2017, the following cash funds were available to the District for capital projects and improvements:

Cash and investments (City of Vallejo)	\$ 565,563
Cash accounts (District)	<u>237,917</u>
Total	<u>\$ 747,961</u>

NOTE 7: NET POSITION

Total net position of \$19,164,235 consists of:

Invested in capital assets, net of related debt	\$ 16,759,827
Restricted reserves	237,917
Unrestricted	<u>2,166,491</u>
Total	<u>\$ 19,164,235</u>

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: DEFERRED COMPENSATION PLAN

The District offers to its employees a deferred compensation retirement plan in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, allows them to defer a portion of their salary until future years. Withdrawals from the Plan are not permitted to employees until termination, retirement, death, or unforeseeable emergency. The annual maximum deferral amount shall not exceed the lesser of \$18,000 or 33 1/3 of includible compensation; and an additional \$5,000 for employees over 50 years old. The Plan does not contain a provision for the employer matching contributions except for contractually agreed upon matches.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are held in trust. Except as may otherwise be permitted or required by law, no assets or income of the 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 Plan.

Assets of the Plan are segregated into separate participant accounts and are not subject to claims of the District's general creditors. Conversely, it is the opinion of management that the District has no liability for losses under the Plan but does not have the duty of due care that would be required of an ordinary prudent investor.

Plan assets at June 30, 2018, are stated at market value.

Financial activity of the Plan for the year ended June 30, 2018, is summarized below:

Contributions	\$ 69,278
Change in Value	257,966
Net Withdrawals	<u>(1,218,002)</u>
Net decrease	(890,758)
Balance, June 30, 2017	<u>2,322,747</u>
Balance, June 30, 2018	<u>\$1,431,989</u>

NOTE 9: PENSION PLAN

The District is a participant in a defined benefit pension plan through California Public Employees' Retirement System (CalPERS). The plan provides retirement and disability

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: PENSION PLAN (Continued)

benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The amount of pension contributions by the District to CalPERS is actuarially determined under a program wherein contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits when due. The District relies on the expertise of CalPERS in determining the funding method, the adequacy of funding, and the spreading of actuarial gains and losses which is currently on a four-year basis.

Plan Description

Greater Vallejo Recreation District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy

Tier 1 participants are required to contribute 7.0% of their annual covered salary and Tier 2 participants are required to contribute 6.25%. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. The contribution requirements of plan members and the District are established and may be amended by CalPERS. The current rates of annual covered payroll are as follows:

Tier 1 - 8.418%

Tier 2 - 6.533%

In addition the District also makes unfunded liability payments annually to help make up for the shortfall in the pension plan. This is also actuarially determined. The unfunded liability payment in the 2018 fiscal year was \$290,386.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: PENSION PLAN (Continued)

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

Funding Status and Progress

At June 30, 2018, the District reported a liability of \$5,145,855 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$244,159 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service – up to 3%
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: PENSION PLAN (Continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2016.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	51.0%	5.71%
Global Fixed Income	20.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	10.0%	6.95%
Real Estate	12.0%	5.13%
Liquidity	1.0%	(1.05)%

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 7,670,743	\$ 5,145,855	\$ 3,054,697

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: PENSION PLAN (Continued)

Detailed information about the pension fund's fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting PERS.

NOTE 10: COMMITMENTS

Subject to the Master Lease agreement the District leases from the City of Vallejo the majority of the land and certain buildings it uses for parks and recreational activities. The original thirty-five (35) year lease term expired on June 30, 2014. However, the District exercised the right to extend the lease term by an additional twenty-five (25) years. Annual rental is one (1) dollar.

The District is responsible for all maintenance, utilities, insurance, and improvement costs. The District sub-leases certain properties and facilities to both for-profit organizations and not-for-profit organizations. None of these leases provide significant revenue or result in significant expenses.

NOTE 11: CONTINGENCIES

The District participates in a number of government-assisted grant programs. These grants are subject to audit by the State of California and Federal Government, which could lead to requests for reimbursement for disallowable expenditures. District management believes such disallowances, if any, would be immaterial. Certain suits have been filed or are pending against the District. In the opinion of the management, such matters are principally covered by insurance.

NOTE 12: RISK OF LOSS

Greater Vallejo Recreation District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, and injuries to employees. To mitigate potential losses, the District purchases adequate amounts of insurance coverages.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13: POST-RETIREMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 5 years of employment with the District. For the year ended June 30, 2018, 24 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2018, expenditures of \$111,697 were recognized for post-employment health care benefits. As of June 30, 2018 the District had \$991,329 designated in its Retiree Benefits Fund 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 paragraph 4 of Statement 75.

Benefits provided

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2017, the District contributed the amount of \$107,417.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the District's benefit terms:

- Active – 24
- Retired – 24

Total OPEB liability

The District's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13: POST-RETIREMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	
Salary increases	2.75%
Medical cost trend	5-9% increases
Discount rate	6.5%
Termination rate	0-15%
Mortality rate	RP_-2014 Mortality

Mortality information was based on the Society of Actuaries (SOA) RP-2014 Mortality Tables based on the results from an actuarial experience study for the period 2004 to 2008. The experience study report may be accessed on the SOA website @ www.soa.org.

	<u>2018</u>
Total OPEB liability- 6/30/2017	\$ 1,428,868
Service Cost	7,981
Interest	92,876
Benefit payments	(145,203)
Experience losses for 2017/2018	<u>112,406</u>
Net change in total OPEB liability	<u>68,060</u>
Total OPEB liability - ending	<u>\$ 1,496,928</u>

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's 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 discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>5.5%</u>	<u>6.5%</u>	<u>7.5%</u>
District's proportionate share of the net OPEB plan liability	\$ 1,648,000	\$ 1,496,928	\$ 1,366,000

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13: POST-RETIREMENT BENEFITS (Continued)

Sensitivity of the District's 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 District's 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 discount rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension plan liability	\$ 1,515,000	\$ 1,496,928	\$ 1,468,000

NOTE 14: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

The District has one item that is reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions that are the CalPERS premiums for the 2017 fiscal year which will be recognized in a subsequent reporting period. The total for this is \$514,408. These were the employer contributions for the 2018 fiscal year.

The District is also reporting deferred outflows of resources relating to differences between projected and actual investment earnings, change in employer proportions and differences between the employer's contributions and their proportionate share of contributions. The total of these amounts at year-end were \$1,067,572 and they will be amortized over a 3.8 year period.

The District also recognized deferral inflows of resources in the government-wide financial statements. These are related to differences between expected and actual experience, changes of assumptions, and differences between employer's contributions and the District's proportionate share of contributions. This amount total \$450,628 and will also be amortized over a 3.8 year period.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to financial expenditures in the current period.

NOTE 14: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

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

Year Ending June 30,	Amount
2019	\$ 117,756
2020	326,138
2021	275,901
2022	(102,852)
Total	\$ 616,944

NOTE 15: SUBSEQUENT EVENTS

The date of the final management review is through October 31, 2018. No events occurred subsequent to the balance sheet that warranted accrual or adjustments to the carrying balances of assets and liabilities on the balance sheet.

NOTE 16: PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment in the amount of \$1,428,868 to reflect the newly implemented GASB 75.

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER VALLEJO RECREATION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Property taxes and assessments	\$ 5,884,734	\$ 5,884,734	\$ 6,365,401	\$ 480,667
Intergovernmental revenues	237,310	237,310	582,421	345,111
Use of money and property	517,378	517,378	702,999	185,621
Park dedication fees	17,376	17,376	18,143	767
Donations	19,300	19,300	79	(19,221)
Other revenues	135,420	135,420	271,802	136,382
Contract services	-	-	26,927	26,927
Park and recreation services	2,354,363	2,354,363	1,972,434	(381,929)
Total revenues	<u>9,165,881</u>	<u>9,165,881</u>	<u>9,940,206</u>	<u>774,325</u>
EXPENDITURES				
Current:				
Salaries and benefits	6,003,598	6,003,598	4,983,589	1,020,009
Services and supplies	2,435,279	2,435,279	2,901,398	(466,119)
Capital outlay	769,876	769,876	274,232	495,644
Total expenditures	<u>9,208,753</u>	<u>9,208,753</u>	<u>8,159,219</u>	<u>1,049,534</u>
Excess of revenues over (under) expenditures	(42,872)	(42,872)	1,780,987	(275,209)
Fund balances - July 1, 2017			<u>6,536,352</u>	
Prior period adjustment			<u>52,799</u>	
Fund balances - June 30, 2018			<u><u>\$ 8,370,138</u></u>	

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Budgetary Basis of Accounting

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

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 the District Board of Directors with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The fiscal year 2017/2018 budget document budgeted Measure K carry-forward fund balances 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.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – POST-EMPLOYMENT
BENEFITS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB liability	
Service Cost	\$ 7,981
Interest	92,876
Benefit payments	(145,203)
Experience losses for 2017/2018	112,406
Net change in total OPEB liability	68,060
Total OPEB liability – beginning	1,428,868
Total OPEB liability - ending	\$ 1,496,928
Covered-employee payroll	\$ 1,557,242
Total OPEB liability as a percentage of covered payroll	96.13%

Notes to schedule:

**GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2018**

Greater Vallejo Recreation District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*:

	FY 2014	FY 2016	FY 2017	FY 2018
District’s portion of the net pension liability	Varies by plan	.14757%	.13140%	.13054%
District’s proportionate share of the net pension liability	\$ 3,975,585	\$ 3,574,753	\$ 4,564,785	\$ 5,145,855
District’s covered employee payroll	2,029,435	1,967,539	2,033,288	2,443,866
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.89%	181.69%	224.50%	210.56%
Plan Fiduciary net position as a percentage of the total pension liability	76.59%	78.07%	73.49%	71.97%

*Amounts presented above were determined as of 6/30.

Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years*:

	FY 2014	FY 2016	FY 2017	FY 2018
Actuarially determined contribution	\$ 343,103	\$ 357,277	\$ 511,478	\$ 536,392
Total actual contributions	343,103	357,277	511,478	536,392
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
The District’s covered-employee payroll	\$ 2,029,435	\$ 1,967,539	\$ 2,033,288	\$ 2,443,866
Contributions as a percentage of covered employee payroll	16.9%	18.16%	25.16%	21.95%

SUPPLEMENTAL INFORMATION

GREATER VALLEJO RECREATION DISTRICT
PRINCIPAL OFFICIALS

BOARD OF DIRECTORS:

Gary Salvadori	Director
Wendell Quigley	Director
Sheryl Pannell Lea	Director
Ron Bowen	Director
Robert Briseno	Director

OPERATIONS:

Gabe Lanusse	General Manager
Romi Selfaison	Finance Director

GREATER VALLEJO RECREATION DISTRICT
 MEASURE K FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

REVENUES

Measure K assessment	\$ 2,086,305
Total Revenues	<u>2,086,305</u>

EXPENDITURES

Salaries and benefits	1,075,130
Printing	30,000
Repairs and maintenance	191,938
Transfers and reserves	-
Fuels and lubricants	19,200
Recreation supplies and services	119,888
Staff conferences & travel	476
Capital outlay and non-inventoriable equipment	<u>602,050</u>

Total Expenditures	<u>2,038,682</u>
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Net change in fund balance	<u>47,623</u>
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Fund balances - July 1, 2017	<u>(84,856)</u>
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Fund balances - June 30, 2018	<u><u>\$ (37,233)</u></u>
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