GREATER VALLEJO RECREATION DISTRICT

Annual Financial Report For the Year Ended

June 30, 2023

With Independent Auditor's Report

MUN CPAs, LLP
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Sacramento, California 95833

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DISTRICT OFFICIALS
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BOARD OF DIRECTORS

Chairperson	Robert Briseno
Vice Chairperson	Wendell Quigley
Secretary	Rizal Aliga
Director	Stacey Kennington

OPERATIONS

General Manager	Pam Sloan
Finance Director	Noel Parkhurst
Human Resources Director	Seanzell Lewis
Recreation Services Director	Antony Ryans
Parks and Facilities Director	Salvador Nuno

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Greater Vallejo Recreation District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MUN CPAs, LLP

Sacramento, California
July 1, 2026

GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023 by $20,551,112 (net position). Of this amount, $21,547,922 is invested in capital assets; and $(996,810) is unrestricted.

- The District's total net position decreased by $72,238 as a result of operations.

- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of $7,132,821, a net decrease of $5,480,245 from the prior year's balance of $12,613,066. This decrease was primarily due to the District's issuance of Pension Obligation Bonds in the prior year in the amount of $4,115,000 to pay off the District's CalPERS unfunded liability and the net change in capital assets in the amount of $1,598,129. The remaining increase of $232,884 was the result of operations. The unassigned fund balance totaled $7,132,821.

- At the end of the fiscal year, the General Fund reported total assets of $7,655,473, total liabilities of $522,652, and a total fund balance of $7,132,821. Of the total fund balance, the unassigned fund balance of the General Fund totaled $7,132,821 or 45% 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 11 - 12 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.

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 13 - 16 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 17 - 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 page 38. This schedule demonstrates compliance with the adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of the government-wide data follows.

Statement of Net Position

	Governmental Activities			
	2023	**2022**	**Net Change**	**% Change**
ASSETS				
Current and other assets	$ 7,655,473	$ 13,100,056	$ (5,444,583)	(42)%
Capital assets	21,547,922	19,949,793	1,598,129	8 %
Total Assets	29,203,395	33,049,849	(3,846,454)	(12)%
DEFERRED OUTFLOWS OF RESOURCES	6,212,145	2,244,598	3,967,547	177 %
LIABILITIES				
Long-term liabilities	4,927,008	5,751,954	(824,946)	(14)%
Other liabilities	4,871,192	5,048,657	(177,465)	(4)%
Total Liabilities	9,798,200	10,800,611	(1,002,411)	(9)%
DEFERRED INFLOWS OF RESOURCES	5,066,228	3,870,486	1,195,742	31 %
NET POSITION				
Investment in capital assets	21,547,922	19,949,793	1,598,129	8 %
Restricted	-	4,241,111	(4,241,111)	(100)%
Unrestricted	(996,810)	(3,567,554)	2,570,744	(72)%
Total Net Position	$ 20,551,112	$ 20,623,350	$ (72,238)	- %

By far, the largest portion of the District's net position is unspendable ($21,547,922 or 105%) and reflects its investment in capital assets (e.g. infrastructure, land, buildings, equipment). The District's remaining net position consists of a deficit unrestricted net position totaling $(996,810).

Changes in Net Position

	Governmental Activities			
	2023	2022	Net Change	% Change
REVENUES:				
Program Revenues				
Charges for services	$ 3,294,655	$ 3,069,097	$ 225,558	7 %
Operating grants and contributions	414,762	1,050,502	(635,740)	(61)%
General Revenues				
Property taxes	5,925,147	5,531,237	393,910	7 %
Investment earnings	523,925	510,149	13,776	3 %
Other revenues	160,225	67,987	92,238	136 %
Total Revenues	10,318,714	10,228,972	89,742	1 %
EXPENSES:				
Park and recreation	10,234,525	10,239,921	(5,396)	- %
Interest	156,427	112,029	44,398	40 %
Total Expenses	10,390,952	10,351,950	39,002	- %
Change in net position	(72,238)	(122,978)	50,740	(41)%
Net Position Beginning	20,623,350	20,746,328	(122,978)	(1)%
Net Position Ending	$ 20,551,112	$ 20,623,350	$ (72,238)	- %

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

- Charges for services increase of $225,558 was primarily due to a $35,467 increase in Measure K special assessments (Measure K special assessments revenue is included in the charges for services category), $195,901 in program fees, and a $72,854 net increase in contract class income, facility rentals, sports programs and special events. These increases were offset by a $78,664 decrease in revenue at Cunningham Pool.
- Operating grants and contributions decreased $635,740 from the previous year. Most of this decrease is due to one-time revenue of $594,359 received in FY 21/22 from State COVID Fiscal Relief Funds which the District did not receive in FY 22/23. Another revenue that was received in FY 21/22 and did not repeat in FY 22/23 was Participatory Budgeting funding in the amount of $50,000 from the City of Vallejo. These decreases were offset by an $8,619 increase for the Before and After School Program contracted through the Vallejo City Unified School District.
- Property tax revenue increased overall by $393,910 of 7% due to an increase in real property valuation.
- Other revenues increased by $92,238 or 136% primarily due to $35,726 in one-time revenue received from sale of assets, $28,346 increase of one-time revenue from the City of Vallejo and Solano County and an increase of $30,678 in security fees revenue. These increases were offset by the net reduction in revenue of $2,512 in the remaining other revenue items.
- The District had a $44,398 or 40% increase in interest expense. In FY 21/22, the District paid $112,029 in cost of issuance charges for the Pension Obligation Bonds issued in the amount of $4,115,000. This reduction in expenses is offset by the first year of interest payments in the amount of $156,427 made on the Pension Obligation Bonds.

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 analysis 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.

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 $7,132,821, a decrease of $5,480,245, over the prior year balance. The net decrease of $5,480,245 from the prior year's balance of $12,613,066 was primarily due to the District's issuance of Pension Obligation Bonds in the prior year in the amount of $4,115,000 to pay off the District's CalPERS unfunded liability in addition to the net increase of capital assets by $1,598,129 from heavy capital asset investments.

The General Fund has a positive unassigned fund balance of $7,132,821. In FY 22/23, the balance in the Capital Projects fund was transferred to the General Fund. Although the Capital Projects fund has a zero balance, it is intact and available to be used in the future.

General Fund

The General Fund is the chief operating fund of the District. Fiscal year 2022-23 decreased the District's General Fund balance by $5,242,105 to an ending fund balance of $7,132,821.

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, 2023 and 2022

	2023	2022	Increase (Decrease)	
	Amount	Amount	Amount	Percent
Property taxes and assessments	$ 8,053,241	$ 7,623,864	$ 429,377	6 %
Intergovernmental	414,762	1,050,502	(635,740)	(61)%
Use of money and property	523,925	510,149	13,776	3 %
Donations	491	270	221	82 %
Other revenues	159,903	67,717	92,186	136 %
Park and recreation services	1,166,561	976,470	190,091	19 %
	$ 10,318,883	$ 10,228,972	$ 89,911	1 %

Total General Fund revenues increased by $89,911 or 1% from the prior fiscal year and are driven by a combination of factors:

- The revenue from property taxes and Measure K special assessments increased in total by $429,377 or 6%. This is due to a $393,910 increase in property taxes along with $35,467 increase in Measure K special assessment revenue.

- Intergovernmental revenue decreased by $635,740 or 61%. This is mainly due to one-time revenue received during FY 21/22, but not during FY 22/23. In FY 21/22, the District received $594,359 in State COVID Fiscal Relief funds. Another revenue that was received in FY 21/22 and did not repeat in FY 22/23 was Participatory Budget funding from the City of Vallejo. In FY 21/22, the District received $50,000 however, the District did not receive any Participatory Budget funding in FY 22/23. These decreases were offset by a $8,619 increase for the Before and After School Program contracted through the Vallejo City Unified School District.
- Other revenues increased by $92,238 or 136% primarily due to $35,726 in one-time revenue received from sale of assets, $28,346 increase of one-time revenue from City of Vallejo and Solano County and an increase of $30,678 in security fees revenue which is offset by the net reduction in revenue of $2,512 for the remaining other revenue items.
- Park and recreation services revenue increased by $190,091 or 19% primarily due to a $195901 increase in additional enrollment of Before and After School programs, $72,854 net increase in contract income, facility reservations and rentals, sports programs and special events. These increases were offset by $78,664 decrease in revenue at Cunningham Pool.

Expenditures
General Fund
For the Years Ended June 30, 2023 and 2022

	2023 Amount	2022 Amount	Increase (Decrease) Amount	Increase (Decrease) Percent
Salaries and benefits	$ 9,940,721	$ 5,730,695	$ 4,210,026	73 %
Services and supplies	2,489,424	1,788,181	701,243	39 %
Capital outlay	3,038,556	2,497,834	540,722	22 %
Debt service - principal	174,000	-	174,000	100 %
Debt service - interest	156,427	112,029	44,398	40 %
	$ 15,799,128	$ 10,128,739	$ 5,670,389	56 %

In FY 22/23 General Fund expenditures increased overall by $5,670,389 or 56% from the previous fiscal year. Salaries and benefits expenses increased by $4,210,026 or 76%. This large increase was primarily due to the payoff of the District's CalPERS unfunded liability in the amount of $3,620,006 using proceeds from the Pension Obligation Bonds issued in FY 21/22. The remaining increase of $590,020 was due to obligatory 5% step increases, negotiated 2.25% cost of living increases for full-time employees, an increase in part-time staffing for before and after school, sports and special events programming and an increase in the minimum wage for part-time employees. Other increases in expenses included $540,722 or 22% in capital outlay as the District continued to invest heavily in needed capital infrastructure upgrades and repairs. Debt service expenses increased as the first principal payment of $174,000 and interest payment of $156,427 were made on the Pension Obligation Bonds issued in FY 21/22. The payment of $112,029 in FY 21/22 was for loan costs associated with obtaining the Pension Obligation Bonds.

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, 2023 projected revenue of $9,385,948 and expenditures of $12,814,372, and a decrease in fund balance of $3,428,424. The General Fund's actual performance for the year however, ended with revenues totaling $10,318,883 or $932,935 more than projected and expenditures totaling $15,799,128, or $2,984,756 more than budgeted. Further, there was a total of $238,140 in transfers in due to transferring the remaining balance from the Capital Projects fund to the General Fund. The Capital Projects fund remains available to be used for future capital projects.

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, 2023, the District's investment in capital assets totaled $21,547,922 (net of accumulated depreciation) which increased over the prior fiscal year by $1,598,298, which is the result of current year asset investments exceeding annual depreciation.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities 2023	2022
Land	$ 850,429	$ 850,598
Construction in progress	363,744	1,351,857
Construction in progress leasehold	2,757,642	-
Buildings	678,450	5,829,176
Buildings leasehold	5,150,726	-
Building Improvements	30,704	1,475,372
Building Improvements leasehold	1,599,133	-
Parks	3,059,433	24,415,683
Parks leasehold	21,356,250	-
Park improvements	2,282,484	3,002,105
Park improvements leasehold	1,243,405	-
Maintenance equipment	811,168	803,724
Office equipment	814,496	728,679
Vehicles	1,320,713	1,145,604
Other assets	109,139	85,876
Accumulated depreciation	(20,879,994)	(19,738,881)
Total	$ 21,547,922	$ 19,949,793

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-term Debt

As of June 30, 2023, the District had total debt outstanding of $4,348,540, which is comprised of $3,941,000 in Pension Obligation Bonds and $407,540 in compensated absences.

OUTSTANDING DEBT

	Governmental Activities 2023	2022
Pension obligation bonds	$ 3,941,000	$ 4,115,000
Compensated absences	407,540	446,667
Total	$ 4,348,540	$ 4,561,667

Additional information about the District’s long-term debt can be found in Note 5 to the financial statements.

Districts Pension and OPEB Liabilities

	Governmental Activities 2023	Governmental Activities 2022
Net pension liability	$ 2,814,136	$ 3,688,387
OPEB liability	2,112,872	2,063,567
Total	$ 4,927,008	$ 5,751,954

The District's net pension liability and OPEB liability decreased by $824,946 or 14%. Additional information on the District's net pension liability and OPEB liability can be found in notes 9 and 10, respectively.

ECONOMIC FACTORS

Three years out from the onset of the pandemic caused by the COVID-19 virus, the operations of the District are slowly returning to normal levels of activity. Although staffing continues to be a challenge, the District was able to maintain many community events and youth programs at various parks and facilities that the District manages. Other economic factors include negotiated 2.5% cost of living and 5% step increases for full-time employees. There was also an increase in the minimum wage for part-time employees to help with rising inflation. Due to the continued unknowns coming out of the COVID-19 pandemic and the unpredictable fluctuation in property tax revenue, the District continues to employ a very conservative fiscal strategy..

The District's financial position continues to be adequate. Revenues overall decreased slightly by approximately 1%. The main decrease in revenue was in intergovernmental revenue, as COVID-19 related funding received in the previous year was not received during FY 22/23. Despite this decrease, the District's property tax and Measure K special assessments revenue increased by 6%, which offset most of the decrease. Property taxes and assessments are the primary source of funding for the District. Included in this increase is funding from a voter approved parcel tax (Measure K) of $48 a year, assessed to property owners within the Greater Vallejo Recreation District. Originally passed in 2012 after three years of continuous reductions in property tax, the residents of Vallejo passed this super majority parcel tax to support parks and recreation in Vallejo. In 2017, voters approved of a 15 year extension. In FY 22/23 this revenue stream provided the District with $2,128,094.

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 District did have an increase in the park and recreation services revenue, indicating activities are shifting in the right direction towards a normal level. During FY 22/23, the District continued to invest heavily in CIP projects and capital assets to address needs in the District. This increased the net assets by $1,598,298.

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 Finance Director at the information listed below.

Finance Director	Noel Parkhurst	(707) 648-4617	nparkhurst@gvrd.org

GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Cash and investments (Note 2)	$ 7,501,817
Accounts receivable	153,656
Capital assets (Note 4):	
Non-depreciable	3,971,815
Depreciable, net	17,576,107
Total Capital Assets, net	21,547,922
Total Assets	29,203,395
DEFERRED OUTFLOWS OF RESOURCES	
Changes in the net pension liability (Note 9)	5,274,872
Changes in the OPEB liability (Note 10)	937,273
Total Deferred Outflows of Resources	6,212,145
LIABILITIES	
Accounts payable	373,831
Accrued payroll and benefits	106,158
Accrued expenses	4,096
Deposits payable	38,567
Accrued compensated absences (Note 5):	
Due within one year	407,540
Net pension liability (Note 9):	
Due in more than one year	2,814,136
OPEB liability (Note 10):	
Due in more than one year	2,112,872
Long term debt liability (Note 5)	
Due within one year	163,000
Due in more than one year	3,778,000
Total Liabilities	9,798,200
DEFERRED INFLOWS OF RESOURCES	
Changes in the net pension liability (Note 9)	4,570,039
Changes in the OPEB liability (Note 10)	496,189
Total Deferred Inflows of Resources	5,066,228
NET POSITION	
Investment in capital assets	21,547,922
Unrestricted (deficit)	(996,810)
Total Net Position	$ 20,551,112

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

GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Net (Expense) Revenue and Changes in Net Position**
PRIMARY GOVERNMENT				
Governmental activities:				
Parks and recreation	$ 10,234,525	$ 3,294,655	$ 414,762	$ (6,525,108)
Interest and fiscal charges	156,427	-	-	(156,427)
Total governmental activities	$ 10,390,952	$ 3,294,655	$ 414,762	(6,681,535)
General revenues:				
Property taxes				5,925,147
Interest income				523,925
Other revenue				160,225
Total general revenues				6,609,297
Change in net position				(72,238)
Net position - July 1, 2022				20,623,350
Net position - June 30, 2023				$ 20,551,112

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

GREATER VALLEJO RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	$ 7,501,817	$ -	$ 7,501,817
Accounts receivable	153,656	-	153,656
Total Assets	$ 7,655,473	$ -	$ 7,655,473
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 373,831	$ -	$ 373,831
Accrued payroll and benefits	106,158	-	106,158
Accrued expenses	4,096	-	4,096
Deposits payable	38,567	-	38,567
Total Liabilities	522,652	-	522,652
FUND BALANCES			
Unassigned	7,132,821	-	7,132,821
Total Fund Balances	7,132,821	-	7,132,821
Total Liabilities and Fund Balances	$ 7,655,473	$ -	$ 7,655,473

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, 2023

Total fund balances of governmental funds	$ 7,132,821
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 $20,879,994.	21,547,922
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	5,274,872
Deferred outflows of resources related to changes in the OPEB liability are not applicable to the current period.	937,273
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Pension obligation bonds	(3,941,000)
Compensated absences	(407,540)
Net pension liability	(2,814,136)
OPEB liability	(2,112,872)
Deferred inflows of resources related to changes in the net pension liability are not applicable to the current period.	(4,570,039)
Deferred inflows of resources related to changes in the OPEB liability are not applicable to the current period.	(496,189)
Net position of governmental activities	$ 20,551,112

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, 2023

	General Fund	Capital Projects	Total Governmental Funds
REVENUES			
Property taxes and assessments	$ 8,053,241	$ -	$ 8,053,241
Intergovernmental revenues	414,762	-	414,762
Use of money and property	523,925	-	523,925
Donations	491	-	491
Other revenues	159,903	-	159,903
Park and recreation services	1,166,561	-	1,166,561
Total Revenues	10,318,883	-	10,318,883
EXPENDITURES			
Current:			
Salaries and benefits	9,940,721	-	9,940,721
Services and supplies	2,489,424	-	2,489,424
Capital outlay	3,038,556	-	3,038,556
Debt service:			
Principal	174,000	-	174,000
Interest	156,427	-	156,427
Total Expenditures	15,799,128	-	15,799,128
Excess of Revenues over Expenditures	(5,480,245)	-	(5,480,245)
OTHER FINANCING SOURCES (USES)			
Transfers in	238,140	-	238,140
Transfers out	-	(238,140)	(238,140)
Total Other Financing Sources (Uses)	238,140	(238,140)	-
Net Change in Fund Balances	(5,242,105)	(238,140)	(5,480,245)
Fund Balances - July 1, 2022	12,374,926	238,140	12,613,066
Fund Balances - June 30, 2023	$ 7,132,821	$ -	$ 7,132,821

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, 2023

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	$ (5,480,245)
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	2,744,561
Depreciation expense	(1,146,263)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.	(169)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Debt principal payments	174,000
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.	39,127
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	3,702,627
OPEB expense related to deferred outflows and inflows of resources	(105,876)
Change in net position of governmental activities	$ (72,238)

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

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.

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.

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, infrastructure with an aggregate cost of $25,000 or more and equipment with a cost of $5,000 or more and a useful life of three years 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	25 - 50 years
Building and park improvements	25 - 50 years
Maintenance and office equipment	3 - 12 years
Vehicles	5 - 7 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.

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. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold of 1% of fund balance is met. Related assets are amortized using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any leases that met the threshold.

J. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's SBITA capitalization threshold of 1% of fund balance is met. Related assets are amortized using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any SBITAs that met the threshold.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. 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.

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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 - June 30, 2023

M. 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.

N. 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."

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 7.

O. 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.

P. 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.

Q. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2022, the District implemented the following accounting and financial reporting standards:

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. There was no impact to the financial statements as a result of implementation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. There was no impact to the financial statements as a result of implementation.

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. There was no impact to the financial statements as a result of implementation.

R. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2023 or later.

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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No, 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No, 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 105

In December 2025, GASB issued Statement No, 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2027.

NOTE 2: CASH AND INVESTMENTS

Cash and investments were carried at fair value as of June 30, 2023 and consisted of the following:

Cash in banks	$ 2,913,188
Solano County investment pool	4,588,629
Total cash and investments	$ 7,501,817

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, 2023.

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.

		Rating as of Fiscal Year End		
	Total	Minimum Legal Rating	S&P	Moody's
Solano County Investment Pool	$ 4,588,629	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, 2023, 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, 2023, the carrying amount of the District's deposits was $2,913,188 and bank balances were $3,188,536. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

NOTE 3: INTERFUND TRANSACTIONS

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2023, were as follows:

Transfer From	Transfer To	Description	Amount
Capital Projects	General Fund	Transfer to General Fund	$ 238,140
		Total Interfund Transfers	$ 238,140

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets not being depreciated					
Land	$ 850,598	$ -	$ (169)	$ -	$ 850,429
Construction-in-progress	1,351,857	363,745	-	(1,351,858)	363,744
Construction-in-progress leasehold	-	1,463,956	-	1,293,686	2,757,642
Total capital assets not being depreciated	2,202,455	1,827,701	(169)	(58,172)	3,971,815
Capital assets being depreciated					
Buildings	5,829,176	-	-	(5,150,726)	678,450
Buildings leasehold	-	-	-	5,150,726	5,150,726
Building improvements	1,475,372	-	-	(1,444,668)	30,704
Building improvements leasehold	-	154,465	-	1,444,668	1,599,133
Parks	24,415,683	-	-	(21,356,250)	3,059,433
Parks leasehold	-	-	-	21,356,250	21,356,250
Park improvements	3,002,105	57,549	-	(777,170)	2,282,484
Park improvements leasehold	-	408,063	-	835,342	1,243,405
Maintenance equipment	803,724	7,444	-	-	811,168
Office equipment	728,679	85,817	-	-	814,496
Vehicles	1,145,604	180,259	(5,150)	-	1,320,713
Other assets	85,876	23,263	-	-	109,139
Total capital assets being depreciated	37,486,219	916,860	(5,150)	58,172	38,456,101
Accumulated depreciation					
Buildings	(995,023)	(27,139)	-	782,556	(239,606)
Buildings leasehold	-	(202,683)	-	(782,556)	(985,239)
Building improvements	(1,143,215)	-	-	1,112,510	(30,705)
Building Improvements leasehold	-	(21,998)	-	(1,112,510)	(1,134,508)
Parks	(14,163,439)	(74,295)	-	12,008,271	(2,229,463)
Parks leasehold	-	(470,914)	-	(12,008,271)	(12,479,185)
Park Improvements	(1,748,199)	(38,058)	-	233,970	(1,552,287)
Park Improvements leasehold	-	(86,028)	-	(233,970)	(319,998)
Maintenance equipment	(475,668)	(50,084)	-	-	(525,752)
Office equipment	(523,408)	(46,492)	-	-	(569,900)
Vehicles	(672,070)	(110,351)	5,150	-	(777,271)
Other assets	(17,859)	(18,221)	-	-	(36,080)
Total accumulated depreciation	(19,738,881)	(1,146,263)	5,150	-	(20,879,994)
Total capital assets being depreciated, net	17,747,338	(229,403)	-	58,172	17,576,107
Total Capital Assets, net	$ 19,949,793	$ 1,598,298	$ (169)	$ -	$ 21,547,922

Depreciation expense totaled $1,146,263 for the year ended June 30, 2023.

NOTE 5: 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, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Pension obligation bonds	$ 4,115,000	$ -	$ (174,000)	$ 3,941,000	$ 163,000
Compensated absences	446,667	-	(39,127)	407,540	407,540
Total Governmental Activities	$ 446,667	$ -	$ (213,127)	$ 4,348,540	$ 570,540

A description of the long-term liabilities at June 30, 2023 are as follows:

Pension Obligation Bonds

The District issued 2022 Taxable Pension Obligation Bonds issued June 9, 2022, in the amount of $4,115,000 and payable in annual principal payments of $163,000 to $317,000, with an interest rate of 4.25% and maturity on May 1, 2040. The bonds were used to refund certain obligations of the District owed to the California Public Employees' Retirement System (CalPERS) with respect to pension benefits accruing to current and former District employees. Future debt service payments are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2024	$ 163,000	$ 167,492	$ 330,492
2025	170,000	160,564	330,564
2026	177,000	153,340	330,340
2027	184,000	145,818	329,818
2028	192,000	137,998	329,998
2029 - 2033	1,091,000	560,364	1,651,364
2034 - 2038	1,343,000	307,912	1,650,912
2039 - 2043	621,000	39,864	660,864
Total	$ 3,941,000	$ 1,673,352	$ 5,614,352

Compensated Absences

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

NOTE 6: 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.

NOTE 6: INTERGOVERNMENTAL REVENUES (CONTINUED)

For the year ended June 30, 2023, the City reported the following activities for the benefit of the District.

Fund Balance July 1, 2022	$	1,230,514
Licenses, permits & fees collected		1,821,082
Expenditures charged		21,770
Fund Balance June 30, 2023	$	3,073,366

At June 30, 2023, the City reported assets and deferred inflows of resources for the benefit of the District of:

Cash and investments	$	2,934,605
Receivables		191,818
Unavailable revenues		(53,057)
Fund Equity	$	3,073,366

NOTE 7: 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.

NOTE 7: FUND BALANCE (CONTINUED)

The fund balances for all governmental funds as of June 30, 2023, were distributed as follows:

	General Fund	Capital Projects	Total Governmental Funds
Unassigned	$ 7,132,821	$ -	$ 7,132,821
Total Fund Balance	$ 7,132,821	$ -	$ 7,132,821

NOTE 8: 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 unforseeable emergency. Participants may elect to contribute, through salary reductions, up to the IRC(g) limit ($22,500 in 2023). 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 $1,723,307 at June 30, 2023. 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 9: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

<u>Plan Description</u>

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.

<u>Benefits Provided</u>

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.

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Miscellaneous	
Hire Date	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%	6.75%
Required Employer Contribution Rates*	10.32%	7.47%

* 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, 2023 were $4,401,331.

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

As of June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $2,814,136.

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, 2023, 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, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

Proportion - June 30, 2022	0.19425%
Proportion - June 30, 2023	0.06014%
Change - Increase (Decrease)	(0.13411%)

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the District recognized pension expense of $698,707. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 4,401,331	$ -
Changes of assumptions	288,367	-
Differences between actual and expected experience	56,513	37,850
Differences between projected and actual investment earnings	515,475	-
Differences between employer's contributions and proportionate share of contributions	-	214,651
Change in employer's proportion	13,186	4,317,538
Total	$ 5,274,872	$ 4,570,039

$4,401,331 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

For the Fiscal Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2024	$ (1,466,059)
2025	(1,492,228)
2026	(1,053,493)
2027	315,282

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% 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 2.30% until purchasing power protection allowance floor on purchasing power applies

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study. Post-retirement and Post-retirement mortality tables includes 15 years of projected mortality improvement using 80% of scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the December 2021 experience study report available on CalPERS website

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

For the measurement period June 30, 2023, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (a)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.00%)	(0.59%)

(a) An expected inflation of 2.30% used for this period
(b) Figures are based on the 2021-22 Asset Liability Management study.

NOTE 9: 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% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Net Pension Liability (Asset)	$ 5,855,394	$ 2,814,136	$ 311,931

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 10: 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. As a PEMHCA employer, the District is required to execute a contract and a resolution which defines the benefits to be provided to active employees and retirees. The current PEMHCA resolution defines the District's contribution toward active employee and retiree medical premiums to be the PEMHCA minimum employer contribution (MEC). The MEC was $149 per month in 2022, increasing to $151 in 2023 and $157 per month in 2024.

For employees who retire from the District after completing at least 20 years of District service, the District provides (up to) $432 per month, but not more than the retiree premium. Retirees qualifying for this monthly stipend may choose their own coverage rather than coverage through a plan offered by the District.

As of June 30, 2023, the District had $1,298,542 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, 2022 actuarial valuation, membership consisted of the following:

Active plan members	49
Inactive plan members or beneficiaries currently receiving benefit payments	23
Inactive plan members entitled to, but not yet receiving benefits	23
Total	95

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

Total OPEB Liability

The District's total OPEB liability ("TOL") was measured as of June 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions:

Funding Method	Entry Age Normal Level Percent of Pay
Discount Rate	3.65% as of June 30, 2023, and 3.54% as of June 30, 2022
Inflation	2.50%
Healthcare Cost Trend Rates	6.50% in 2025, fluctuates down to 3.9% by 2075
Salary Increases	3.00%
Salary Scale	3.00% per annum
Retirement Age	50 - 75
Mortality	CalPERS 2021 Experience Study
Mortality Improvement (Generational)	MacLeod Watts Scale 2022

Changes in Assumptions

In the June 30, 2022 valuation, the discount rate changed from 3.54% to 3.65%, demographic assumptions changed to rates recommended by CalPERS in its 2021 Experience Study report, assumed salary increases changed from 2.75% to 3.0% per year, and medical trend rates were updated to rates developed using the Getzen 2023 healthcare trend model.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%.

Changes in the OPEB Liability

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

Changes in the Net OPEB Liability	Total OPEB Liability
Balance at July 1, 2022	$ 2,063,567
Service cost	96,632
Interest cost	74,787
Changes in Assumptions	(26,948)
Benefit payments	(95,166)
Net change during 2022-23	49,305
Balance at June 30, 2023	$ 2,112,872

NOTE 10: 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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 2,378,259	$ 2,112,872	$ 1,890,189

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)	$ 2,016,599	$ 2,112,872	$ 2,244,632

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $201,042. As of fiscal year ended June 30, 2023, 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	$ 184,307	$ 366,449
Differences between expected and actual experience	752,966	129,740
Total	$ 937,273	$ 496,189

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
2024	$ 29,623
2025	29,623
2026	29,623
2027	29,623
2028	29,623
Thereafter	292,969

NOTE 11: 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 12: 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 collectability of the deferred impact fees, the District has not recorded a receivable.

Construction Commitments

At June 30, 2023, the District had construction contracts outstanding of approximately $509,913 related to the VCC renovation, Hanns Park pathway, and Richardson Corporate upgrade capital projects.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 1, 2026, 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, 2023

	2022 - 2023 Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes and assessments	$ 7,670,599	$ 7,670,599	$ 8,053,241	$ 382,642
Intergovernmental revenues	166,542	166,542	414,762	248,220
Use of money and property	412,685	412,685	523,925	111,240
Donations	5,500	5,500	491	(5,009)
Other revenues	73,593	73,593	159,903	86,310
Park and recreation services	1,057,029	1,057,029	1,166,561	109,532
Total Revenues	9,385,948	9,385,948	10,318,883	932,935
EXPENDITURES				
Current:				
Salaries and benefits	6,302,264	6,302,264	9,940,721	(3,638,457)
Services and supplies	2,042,785	2,042,785	2,489,424	(446,639)
Capital outlay	4,469,323	4,469,323	3,038,556	1,430,767
Debt service:				
Principal	-	-	174,000	(174,000)
Interest	-	-	156,427	(156,427)
Total Expenditures	12,814,372	12,814,372	15,799,128	(2,984,756)
Excess (deficiency) of revenues over expenditures	(3,428,424)	(3,428,424)	(5,480,245)	(2,051,821)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	238,140	238,140
Total Other Financing Sources (Uses)	-	-	238,140	238,140
Net change in fund balance	$ (3,428,424)	$ (3,428,424)	(5,242,105)	$ (1,813,681)
Fund balance - July 1, 2022			12,374,926	
Fund balance - June 30, 2023			$ 7,132,821	

GREATER VALLEJO RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2023

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.

GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023

Last 10 Years*

	Measurement Period			
	2014	**2015**	**2016**	**2017**
Proportion of the net pension liability	varies by plan	0.14757 %	0.14757 %	0.13054 %
Proportionate share of the net pension liability	$ 3,975,585	$ 3,574,756	$ 4,564,785	$ 5,145,855
Covered payroll	$ 2,029,435	$ 1,967,539	$ 2,023,288	$ 2,443,866
Proportionate share of the net pension liability as a percentage of covered payroll	195.90 %	181.69 %	225.61 %	210.56 %
Plan fiduciary net position as a percentage of the total pension liability	79.82 %	78.40 %	74.06 %	73.29 %

Notes to Schedule:

Changes in assumptions – In 2022, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2021, 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 nine years are shown. Additional years' information will be displayed as it becomes available.

GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
AS OF JUNE 30, 2023

Last 10 Years*

	Measurement Period				
	2018	**2019**	**2020**	**2021**	**2022**
Proportion of the net pension liability	0.13291 %	0.13433 %	0.13598 %	0.19425 %	0.06014 %
Proportionate share of the net pension liability	$ 5,008,941	$ 5,379,190	$ 5,735,667	$ 3,688,387	$ 2,814,136
Covered payroll	$ 3,048,664	$ 2,858,836	$ 2,474,958	$ 2,455,958	$ 2,849,846
Proportionate share of the net pension liability as a percentage of covered payroll	164.30 %	188.16 %	231.75 %	150.18 %	98.75 %
Plan fiduciary net position as a percentage of the total pension liability	73.69 %	75.30 %	75.10 %	88.30 %	76.68 %

GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
AS OF JUNE 30, 2023

Last 10 Years*

	Fiscal Year-End			
	2015	**2016**	**2017**	**2018**
Contractually required contribution (actuarially determined)	$ 343,103	$ 357,277	$ 511,478	$ 536,391
Contributions in relation to the actuarially determined contributions	(343,103)	(357,277)	(511,478)	(536,391)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,029,435	$ 1,967,539	$ 2,033,288	$ 2,443,866
Contributions as a percentage of covered payroll	16.91 %	18.16 %	25.16 %	21.95 %

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

GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)
AS OF JUNE 30, 2023

Last 10 Years*

	Fiscal Year-End				
	2019	**2020**	**2021**	**2022**	**2023**
Contractually required contribution (actuarially determined)	$ 585,369	$ 652,772	$ 637,771	$ 751,176	$ 781,325
Contributions in relation to the actuarially determined contributions	(585,369)	(652,772)	(637,771)	(751,176)	(4,401,331)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (3,620,006)
Covered payroll	$ 3,048,664	$ 2,858,836	$ 2,474,482	$ 2,455,958	$ 2,849,846
Contributions as a percentage of covered payroll	19.20 %	22.83 %	25.77 %	30.59 %	154.44 %

GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2023

Last 10 Years*

	Measurement Period					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Total OPEB liability						
Service cost	$ 7,981	$ 42,271	$ 55,972	$ 63,621	$ 63,621	$ 96,632
Interest	92,876	97,300	78,136	55,256	51,265	74,787
Experience gains (losses)	112,406	592,325	107,632	(178,394)	237,818	-
Changes in assumptions	-	-	289,627	-	(451,380)	(26,948)
Benefit payments	(145,203)	(145,203)	(159,157)	(128,901)	(105,170)	(95,166)
Net change in total OPEB liability	68,060	586,693	372,210	(188,418)	(203,846)	49,305
Total OPEB liability, beginning	1,428,868	1,496,928	2,083,621	2,455,831	2,267,413	2,063,567
Total OPEB liability, ending (a)	$ 1,496,928	$ 2,083,621	$ 2,455,831	$ 2,267,413	$ 2,063,567	$ 2,112,872
Covered-employee payroll	$ 1,557,242	$ 1,777,118	$ 1,839,170	$ 1,845,536	$ 1,636,067	$ 2,083,612
District's total OPEB liability as a percentage of covered-employee payroll	96.13 %	117.25 %	133.53 %	122.86 %	126.13 %	101.40 %

Notes to Schedule:

Changes in assumptions – The discount rate was changed from 3.54 percent to 3.65 percent for the measurement period June 30, 2023. The discount rate was changed from 2.25 percent to 3.54 percent for the measurement period ended June 30, 2022. 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 six 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, 2023

	Measure K
REVENUES	
Property taxes and assessments	$ 2,128,094
Total Revenues	2,128,094
EXPENDITURES	
Current:	
Salaries and benefits	342,089
Professional services	60,492
Repairs and maintenance	411,193
Utilities	361,295
Recreation supplies and services	95,578
Capital Outlay	1,376,789
Total Expenditures	2,647,436
Net Change in Fund Balances	(519,342)
Fund Balances - July 1, 2022	(238,060)
Fund Balances - June 30, 2023	$ (757,402)

OTHER REPORTS

M·U·N

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 1, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

MUN CPAs, LLP

Sacramento, California
July 1, 2026

GREATER VALLEJO RECREATION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2023

None

Management Letter

July 1, 2026

Greater Vallejo Recreation District
395 Amador Street
Vallejo, California 94590

In planning and performing our audit of the financial statements of Greater Vallejo Recreation District (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 1, 2026, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The District's responses to the findings identified in our audit are described in the accompanying attachment. The District's responses were not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

MUN CPAs, LLP

MUN CPAs, LLP

Greater Vallejo Recreation District

Control Deficiencies and Internal Control Recommendations

June 30, 2023

Fund Accounting (repeat finding)

During our audit, we noted the District created a separate fund to track Measure K activity, however they have not entered the beginning balances of assets, liabilities, and equity. We further noted the District has not set up a separate fund to track the balances of long-term assets and liabilities, such as capital assets, net pension liability, OPEB liability, compensated absences and deferred outflows and inflows of resources. We recommend the District determine the Measure K asset, liability, and equity balances and prepare a journal entry to reclassify these amounts from the General fund to the Measure K fund and that the District set up a separate fund to track the balances of long-term assets and liabilities.

Management's Response

The District concurs with the recommendation that the Measure K fund be set up correctly in the financial software. Staff will work with the auditors and the program support team from the financial software provider to create a separate Measure K Fund. Staff will also work with the auditors to make the necessary adjustments to have a balanced Measure K Fund.

The District will also work towards creating a Government-Wide Fund in the financial system.

Payroll Controls

During our walkthrough over payroll controls, we noted the payroll transaction edit report was not signed off as reviewed by the Finance Director.

We recommend the District implement procedures to enhance internal controls including ensuring the payroll transaction edit report is reviewed by the Finance Director.

Management's Response

The District will begin the practice of the Finance Director reviewing the Payroll Edit report and signing off along with other reviews during the payroll process. In addition, and as part of the payroll process, a Finance staff member that is not processing payroll reviews the edit report against the timesheets for accuracy.

Financial Reporting (repeat finding)

During our testing over financial reporting, we noted the following:

1. Monthly bank reconciliations were both prepared and reviewed by the Finance Director
2. All finance department personnel prepare and post journal entries to the general ledger without prior approval of the Finance Director

We recommend the District implement procedures to enhance internal controls including assigning preparation of the monthly bank reconciliations to a staff member within the finance department with the Finance Director performing the review, all journal entries be submitted to the Finance Director for review prior to posting in the general ledger, and ensuring supporting documentation is maintained with each journal entry.

Management's Response

The District will begin the practice of the payroll account reconciliations being completed by the Accounting Clerk I who did not process payroll and the general checking account being reconciled by the Payroll/Accounting Clerk II. All bank reconciliations will be reviewed by the Finance Director.

All journal entries are approved by the Finance Director prior to posting and supporting documentation is attached to the posting. Journal entries and supporting documentation are filed and retained according to the District's adopted retention schedule.

Greater Vallejo Recreation District

Control Deficiencies and Internal Control Recommendations

June 30, 2023

Cash (repeat finding)

During our review of the June 30, 2023, bank reconciliation, we noted the following items that were more than one year old:

1. The balance per the reconciliation for the checking and payroll accounts did not agree to the general ledger.
2. One hundred forty outstanding checks dating as far back as July 2018;
3. One outstanding addition from June 2019.

In addition, we noted one bank account in the District's name with a balance that is not reflected in the general ledger.

We recommend the District research the old outstanding items to determine if these items have been recorded correctly or if they should be cancelled and reissued. Additionally, we recommend management ensure all District bank account balances are properly reflected in the general ledger.

Management's Response

The District recognizes there are discrepancies between the GL and the Bank Reconciliation Module for the General Checking and Payroll Checking accounts. Staff will identify the variances and reconcile the general ledger accounts to the bank reconciliation in FY 23/24.

Staff have begun contacting recipients of outstanding checks and working towards eliminating stale dated checks. Staff will also review stale dated checks as part of the fiscal year-end closing process.

The District will work towards creating a new stale dated check policy in the future.

Subsequent Receipts

During our testing of subsequent receipts, we noted three of sixteen items tested were not properly accrued.

We recommend the District review all payments received after year-end to ensure they are recorded in the proper period.

Management's Response

Staff will ensure that all receipts received after the year end are recorded in the proper year and book any accruals necessary to capture the transaction in the appropriate period.

Capital Assets

During our testing of depreciation, we noted the useful life assigned to several capital assets was not within the useful life guidelines noted in the District's capitalization policy.

We recommend the District review and update the capitalization policy to more accurately reflect the useful lives of the assets the District holds.

Management's Response

The Fixed Asset Policy 3050 was updated as of 07/01/22. The District will update the estimated useful life schedule in the Fixed Asset Policy.

Greater Vallejo Recreation District

Control Deficiencies and Internal Control Recommendations

June 30, 2023

Leases and SBITAs Policy

During our audit, we noted the District adopted a policy setting the minimum threshold for recording leases and SBITAs at net present value of less than >1% of net assets. Per inquiry with Noel Parkhurst, Finance Director, we noted the intent of the policy was to set the threshold at less than 1% of fund balance. Additionally, we noted the District calculated the current year cost of leases and SBITAs rather than the net present value in determining whether or not they met the threshold.

We recommend the District review and update the policy to utilize correct terminology of fund balance rather than net assets and remove the confusing > sign indicating greater than in the policy. We further recommend the District properly calculate the net present value of leases and SBITAs in determining whether or not they meet the threshold.

Management's Response

The District will review and update the policy to utilize correct terminology of fund balance rather than net assets. During research conducted by staff, the using of the ">" in the >1% of net assets was commonly used in policies used by other agencies. Staff will consider discontinuing the use of this sign to eliminate confusion.

Staff will ensure that the net present value of leases and SBITA's are properly calculated to determine whether they meet the threshold.

Accounts Payable

During our testing of accounts payable, we noted the accounts payable listing provided by the District did not agree to the balance per the general ledger by a net amount of $27,433. In addition, the Measure K accounts payable balance on the general ledger, which should be a credit balance, showed a debit of $115,267.

We recommend the District reconcile the accounts payable listing to the general ledger balance and reconcile the Measure K accounts payable to remove the debit balance.

Management's Response

The District agrees that the General Fund and Measure K Fund Accounts Payable balances do not agree with the outstanding payable list as of 06/30/23. The discrepancies are due to both accounts being out of balance in historical years. Staff will reconcile the Accounts Payable Balances for both funds in FY 23/24.

Compensated Absences (repeat finding)

During our testing of the compensated absences schedule, we noted an incorrect payrate was used in the calculation for one out of thirteen employees tested. We further noted the District had calculated the compensated absences balance at year-end, however, had not posted a journal entry to correct the balance in the general ledger.

Management's Response

The District will include a reconciliation of the compensated absences balances going forward as part of the year end close process. The District is working to establish a Government Wide Fund in the financial system to book journal entries. In any case, a journal entry will be provided to the auditors until the Government Wide Fund is established.

Accrued Payroll (repeat finding)

During our testing of accrued salaries and benefits payable, we noted the District had calculated salaries payable and federal taxes payable incorrectly and has not reconciled the various benefits payable accounts. We recommend the District correctly use gross wages in the calculation of salaries payable, properly calculate and record federal taxes payable, and reconcile payroll related liability accounts.

Management's Response

Going forward, the Staff will use gross wages in the calculation of salaries payable. Staff will also properly calculate and record federal and state taxes payable and reconcile payroll-related liability accounts at year-end. Beginning in FY 25/26, the District did begin reconciling payroll-related liability accounts as part of a monthly close process.

Deposits Payable (repeat finding)

During our audit, we noted the District had not maintained a schedule of deposits collected that was reconciled to the general ledger. We recommend the District maintain a schedule of deposits collected that includes the depositor's name, deposit amount, date collected, purpose of the deposit and any refunds made and reconcile the schedule to the general ledger.

Management's Response

Staff will begin maintaining a schedule of deposits collected that includes the depositor's name, deposit amount, date collected, purpose of the deposit and reconcile it to the general ledger. The District will also begin reviewing the schedule as part of the month end process.

Expenses

During our testing of expenses, we noted one expense that was recorded in the incorrect period. We recommend the District review all payments subsequent to year end to ensure they are recorded in the correct period.

Management's Response

Beginning with FY 23/24, the staff added a step in the close process checklist to review expenses processed during subsequent months following the fiscal year end. This will ensure that all expenses are posted to the appropriate fiscal year and all necessary accruals are booked as needed.

Payroll

During our testing of payroll expenses, we noted one out of fifteen employees tested was paid at a rate $1 higher than the approved hourly rate per the personnel action form. We recommend the District review pay rates to ensure the rates agree to the approved personnel action form for each employee.

Management's Response

As of FY 24/25, all changes or additions made to an employee's salary in the Payroll Module are made using a fully approved Personnel Action Form as the source of information. There is also an external schedule of changed salaries maintained by staff in an excel workbook to track these changes among others. Lastly, whenever an employee's rate of pay is changed in the Payroll Module, a note is populated in the employee's profile to explain the new rate, when the effective date is, and the reasoning for the change. The District expects, with these measures in place, the accuracy of payrates will be improved.

Greater Vallejo Recreation District

Status of Prior Year

Control Deficiencies and Internal Control Recommendations

June 30, 2023

Fund Accounting (repeat finding)

During our audit, we noted the District set up a separate fund to track Measure K activity, however they have not entered the beginning balances of assets, liabilities, and equity. We further noted the District has not set up a separate fund to track the balances of long-term assets and liabilities, such as capital assets, net pension liability, OPEB liability, compensated absences and deferred outflows and inflows of resources. We recommend the District determine the Measure K asset, liability, and equity balances and prepare a journal entry to reclassify these amounts from the General fund to the Measure K fund and that the District set up a separate fund to track the balances of long-term assets and liabilities.

Status

Not implemented

Financial Reporting (repeat finding)

During our testing over financial reporting, we noted the following:

1. Monthly bank reconciliations were both prepared and reviewed by the Finance Director
2. All finance department personnel prepare and post journal entries to the general ledger without prior approval of the Finance Director

We recommend the District implement procedures to enhance internal controls including assigning preparation of the monthly bank reconciliations to a staff member within the finance department with the Finance Director performing the review, all journal entries be submitted to the Finance Director for review prior to posting in the general ledger, and ensuring supporting documentation is maintained with each journal entry.

Status

Not implemented

Cash (repeat finding)

During our review of the June 30, 2022, bank reconciliation, we noted the following items that were more than one year old:

1. Fifty-eight outstanding checks dating as far back as July 2018;
2. One outstanding addition from June 2019.

In addition, we noted one bank account in the District's name with a balance that is not reflected in the general ledger.

We recommend the District research the old outstanding items to determine if these items have been recorded correctly or if they should be cancelled and reissued. Additionally, we recommend management ensure all District bank account balances are properly reflected in the general ledger.

Status

Not implemented

Greater Vallejo Recreation District

Status of Prior Year

Control Deficiencies and Internal Control Recommendations

June 30, 2023

Compensated Absences

During our testing of the compensated absences schedule, we noted one employee who had retired during the fiscal year still had a balance at year end. We further noted the District had calculated the compensated absences balance at year-end, however, had not posted a journal entry to correct the balance in the general ledger.

Status

Not implemented

Accrued Payroll

During our testing of accrued salaries and benefits payable, we noted the District had calculated salaries payable incorrectly, recorded federal tax payments in June without recording the associated liability, and had not reconciled the state tax liability. We recommend the District correctly use gross wages in the calculation of salaries payable, properly calculate and record federal and state taxes payable, and reconcile payroll related liability accounts.

Status

Not implemented

Deposits Payable

During our audit, we noted the District had not maintained a schedule of deposits collected that was reconciled to the general ledger. We recommend the District maintain a schedule of deposits collected that includes the depositor name, deposit amount, date collected, purpose of the deposit and any refunds made and reconcile the schedule to the general ledger.

Status

Not implemented

July 1, 2026

To the Board of Directors of
Greater Vallejo Recreation District
395 Amador Street
Vallejo, California 94590

We have audited the financial statements of the governmental activities and each major fund of Greater Vallejo Recreation District (the District) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 11, 2025. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Matters</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Transactions*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of depreciation is based on the District's capitalization policy. We evaluated the methods, assumptions, and data used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the net pension liability and other post-employment benefits (OPEB) liability is based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The audit for the June 30, 2023, fiscal year was originally scheduled in May 2025. Prior to the originally scheduled fieldwork, management noted they did not have all accounts reconciled and were not ready for the audit. The audit was rescheduled multiple times because management was not ready for the audit. Audit fieldwork occurred the week of March 23, 2026. At the end of our scheduled fieldwork week, there were several open items that the District worked to complete.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The material misstatements in Attachment B were detected as a result of audit procedures and corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 1, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedule for the general fund, the schedule of proportionate share of the net pension liability, the schedule of contributions to the pension plan, the schedule of changes in the OPEB liability and related ratios, and the schedule of contributions to the OPEB Plan, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenue, expenditures, and changes in fund balance Measure K, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory section, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

MUN CPAs, LLP

MUN CPAs, LLP

Attachment A

GREATER VALLEJO RECREATION DISTRICT
SUMMARY OF PASSED AUDIT ADJUSTMENTS
JUNE 30, 2023

Description	Assets / Deferred Outflows of Resources	Liabilities / Deferred Inflows of Resources	Equity	Revenue	Expenses
	Effect - Increase (Decrease)				
To correct federal taxes payable	$ -	$ (1,064)	$ -	$ -	$ (1,064)
To adjust GL balance to detail accounts payable schedule	-	27,433	-	-	27,433
Total Income Statement Effect				$ -	$ (1,064)
Balance Sheet Effect	$ -	$ (1,064)	$ -		

Attachment B

GREATER VALLEJO RECREATION DISTRICT
SUMMARY OF AUDIT ADJUSTMENTS
JUNE 30, 2023

	Effect - Increase (Decrease)				
Description	**Assets / Deferred Outflows of Resources**	**Liabilities / Deferred Inflows of Resources**	**Equity**	**Revenue**	**Expenses**
To correct OPEB liability	$ (103,402)	$ 2,474	$ -	$ -	$ 105,876
To reconcile beginning fund balance	238,140	-	238,140	-	-
To correct net pension liability	4,070,949	368,322	-	-	(3,702,627)
To correct compensated absences	-	(39,127)	-	-	(39,127)
To correct accounts receivable	3,455	-	-	3,455	-
To correct property taxes and interest	-	-	-	65,367	65,367
To correct workers' compensation liability	-	45,181	-	-	45,181
To correct long-term debt	-	(174,000)	-	-	(174,000)
To adjust salaries and federal taxes payable	-	(7,073)	-	-	(7,073)
To correct medical insurance payable	-	(47,590)	-	-	(47,590)
To correct capital assets	1,598,131	-	-	-	(1,598,131)
Total Income Statement Effect				$ 68,822	$ (5,352,124)
Balance Sheet Effect	$ 5,807,273	$ 148,187	$ 238,140		