



Greater Vallejo Recreation District

GVRD promotes wellness and healthy lifestyles
by providing safe parks and innovative and fun
recreation programs for all residents.

BOARD OF DIRECTORS

Rizal Aliga
Robert Briseño
Thomas Judt
Tom Starnes
Ward Stewart

GENERAL MANAGER

Gabe Lanusse

Budget and Finance Committee Agenda

Directors: Briseño and Judt

Tuesday, November 18, 2025

Administrative Office-Board Room, 401 Amador Street, Vallejo, CA 94590

1:30 p.m.

This committee shall work with the General Manager and other staff of the District on the annual budget(s), projections, and other financial matters. This committee shall review the General Manager and Director's expenses, annual audit, and annual financial statement before publication. The committee will ensure that investment policies and procedures are followed and that funds are invested in a prudent manner with adequate protections to prevent misuse.

1. Public Comment

Members of the public may speak on any item within the jurisdiction of the committee. Each speaker is limited to 3 minutes and a spokesperson for an organization is limited to 5 minutes.

2. Revised Policy 3030- Budget and Reserves Policy

3. Update on Fiscal Year 2022-2023 Audit

4. Designation of Impact Fees

5. Explanation of Cash Flow Reporting Process

6. Meeting Adjourn

POLICY MANUAL

POLICY TITLE: Budget Process and Reserve Fund
POLICY NUMBER: 3030

The budgeting process shall be thought out and practical, and result in a budget that supports the District's Strategic Action Plan, best serves the residents of the District and complies with state law.

The preparation of the budget is a planning process allowing for adequate participation of staff, Board members, and the public. It includes review sessions, evaluation of programs, short range and long range capital expenditure needs, and a review of the District's overall financial picture. The budget year is from July 1 to June 30.

Reserves

Based on the Greater Vallejo Recreation District's experience with unreliable revenue sources from the State, Solano County, and the City of Vallejo, and expenses arising from sudden and unforeseen circumstances, the Board of Directors desires a budget reserve to be established to assist in maintaining the financial stability of the District. The goal set by the Board of Directors is 15% of general fund revenues.

Purpose of Reserve Policy

An adequate reserve fund set aside for various legitimate purposes is essential to the successful and stable, short and long- term operation of the Greater Vallejo Recreation District.

Adequate reserves for District operations ensure that customers can experience and enjoy the services from parks and recreation. Adequate reserves and proper fiscal oversight ensure that the District will have sufficient funding available to meet its operating, capital debt obligations, as well as any unfunded mandates.

GVRD manages its operation in a manner that allows the District to provide funding for costs consistent with its annually updated multiyear plan. This allows GVRD to avoid significant deficit fluctuations due to changes in cash flow requirements. The ability of the Greater Vallejo Recreation District to maintain reserve funds is a critical factor in providing reliable service and ensuring overall financial strength.

Annually during the budget adoption process, the Greater Vallejo Recreation District Board reviews and approves the appropriate levels and uses for reserve funds based upon the needs of the district.

Operating Reserve Fund

The Operating Reserve will vary over time. This reserve is considered a working cash requirement. It bridges the gap between the time expenses are paid and the time tax revenues are collected.

Capital Reserve Fund

The purpose of this fund is to establish funds that are intended for projects not considered routine maintenance. The funds come from grants, other agencies or from funds that were budgeted on capital projects in prior years but unspent. This fund is spent directly on capital projects and is not held in reserve for some other purpose.

The Capital Reserve Fund is drawn down annually as planned capital expenditures amounts are made. At the end of each fiscal year, any unspent budgeted capital funds will be reallocated to this fund and may be used in the following year's capital budget.

Unrestricted Reserves

The purpose of Unrestricted Reserve also termed "General Reserve" is for unforeseen events, extraordinary expenses or a loss of revenue. This fund should maintain a minimum of 15% of our annual operating expenses.

Summary

The reserve fund policy states that designated reserves will be maintained to allow for funding of the District's operating and capital obligations, as well as funding for unforeseen events. Reserves will be established, replenished, and used only in a manner, which allows the District to fund costs consistent with the Multi Year Financial Plan and Strategic Action Plan and other Board adopted actions. The District's reserve fund policy shall be periodically reviewed and adjusted to meet the needs of the District.

Greater Vallejo Recreation District

Rules and Regulations

POLICY NUMBER/TITLE: 3030 Budget Process
Rule and Regulation: RR3030

The preparation of the budget is a planning process which includes review sessions, evaluation of programs, short range and long range capital expenditure needs, and a review of the District's overall financial picture.

Strategic Planning Meeting:

During the annual Strategic Action Plan goal session the General Manager and the Board of Directors will establish priorities and give direction for the budget preparation for the upcoming fiscal year. Prior to the meeting the General Manager shall work with staff to develop a list of key issues that may affect the budget. The process for strategic planning starts in January.

Budget Calendar:

The General Manager and Finance Department shall develop a budget calendar to outline the key dates for the completion of the budget. It will include work sessions for the staff and Board and due dates for assignments. This calendar will be prepared in January.

Outline Fiscal Circumstances:

Staff shall prepare a list of "financial circumstances" that the District faces. These shall be the assumptions under which the budget shall be prepared. This includes but is not limited to Strategic Action Plan goals and objectives, contract requirements, inflation, capital repairs and expenditures, state of the economy, anticipated cost in benefits, risk management costs, and others. This should be conducted in March.

Review of Fees:

Staff shall review all the fees that are being charged as a part of the District doing business. These include but are not limited to park reservation fees, entry fee into sports leagues, after school program, center rental fees, and community education classes. In reviewing these fees staff shall take into consideration the direct and indirect costs of providing the service or program, other agencies charges for similar programs, increased fees affect on the program, and other factors unique to the program or service. This review shall be completed in March in order to submit a new fee schedule to the Finance Committee for recommendation to the Board. The approved fees shall be used to calculate the revenue projections in the budget.

Preliminary Budget:

Develop the preliminary budget for the General Fund, and Capital Projects Fund in February. The preliminary budget as approved by the Board during review shall be adopted at its first regular meeting in April.

Publication

As prescribed by the Public Resource Code, "on or before July 1 of each year, the Board of Directors shall publish a notice stating all of the following:

1. That it has adopted a preliminary budget that is available for inspection at a time and place within the district specified in the notice.
2. The date, time, and place when the Board of Directors will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.

The Board of Directors shall publish the notice at least two weeks before the hearing in at least one newspaper of general circulation in the District pursuant to Section 6061 of the Government Code."

Final Budget:

Publicize the date of the Public Hearing and adoption of the Final Budget. Notice must be published no later than one month prior to final budget adoption, which should occur prior to the beginning of the fiscal year, July 1st. Adoption of Annual Proceeds of Taxes and appropriation Limitation (State Constitution Article XIII B) shall occur in August. GVRD will follow all state and local laws as timelines and budget submittals as required.

Budget Forecasts:

Staff shall complete a budget forecast that will be a best effort at estimating the final revenue and expense amounts for the current fiscal year. This shall be completed in January.

Budget Reopener:

GM may recommend a budget reopener based on revenue and expense forecasts and other financial information available to realign and adjust the budget to best reflect the anticipated needs of the district. The reopener shall comply with applicable state law.

Budget Categories:

Revenues:

- Property Taxes
- Fees
- Local Revenues
- Insurance rebates
- Rents and concessions
- Grants
- Refunds and miscellaneous

Expenditures:

- Salaries and Employee Benefits
- Utilities
- Materials and Supplies
- Operating costs
- Capital Outlay
- Reserve for Priority Allocations

Greater Vallejo Recreation District

POLICY MANUAL

POLICY TITLE: Budget Process and Fiscal Management Reserves
POLICY NUMBER: 3030

Purpose

The Greater Vallejo Recreation District establishes this Budget Process and Reserve Policy to provide clear and comprehensive guidelines for budget development, adoption, implementation, and fiscal management of Reserve Funds.

General Guidelines

The District adopts a budget annually to be effective July 1, for the ensuing fiscal year which runs from July 1 to June 30. Budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) and the Governmental Finance Officers Association (GFOA) best practices. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Board of Directors.

The budgeting process shall be thought-out, practical, and will result in a budget that supports the District's Strategic Action Plan that will best serve the residents of the District, and complies with state law.

The preparation of the budget is a planning process allowing for adequate participation of staff, Board members, and the public. It includes review sessions, evaluation of programs, short range and long range capital expenditure needs, and a review of the District's overall financial picture.

With the prior direction of the Board of Director's to the District, a two-year budget may be prepared for consideration and adoption. As part of the process, a six month interval review will take place.

On or before July 1 of each year or, for special districts, the board of directors may adopt a preliminary budget that conforms to generally accepted accounting and budgeting procedures for special districts.

The board of directors shall publish the notice at least two weeks before the hearing in at least one newspaper of general circulation in the district pursuant to Section 6061.

At the time and place specified for the hearing, any person may appear and be heard regarding any item in the budget or regarding the addition of other items. The hearing on the budget may be continued from time to time.

On or before September 1 of each year the board of directors shall adopt a final budget that conforms to generally accepted accounting and budgeting procedures for special districts. The general manager shall forward a copy of the final budget to the auditor of each county in which the district is located.

Budget Development Principles

The following general principles are designed to help guide budget planning and development. The District will strive to:

- **Use a transparent process and informed financial decision-making.**
- **Adopt a structurally balanced budget.** .
- When, for a variety of reasons, true structural balance may not be possible for a given fiscal year, use of reserves to balance the budget may be considered to address temporary shortfalls or to ease the transition to downsized and/or reorganized operations. Use of reserves to fund recurring expenditures will be considered in the context of a plan to return to structural balance, replenish fund balance, and mitigate the negative impacts of any other short-term balancing actions that may be taken.
- **Achieve financial sustainability.**
- **Seek efficiency and effectiveness.**

Vehicle, Technology and Long-Term Building Maintenance

Sufficient funds will be maintained for the planned and systematic replacement of existing vehicles and related equipment (Vehicle Replacement Fund); for the operational costs, maintenance, and planned replacement of installed computer systems as well as software, telephone systems and other critical office equipment (Management Information Systems Fund); and for the future replacement or repair of certain maintenance items such as re-painting, re-flooring, re-roofing and mechanical equipment replacement in existing District building facilities (Long-Term Building Maintenance Fund).

Internal Service Funds (ISF) are used to provide a funding mechanism for certain expenditures made in support of District operating departments on a cost reimbursement basis. Internal Service Funds are self-supporting through charges to departments and/or funds. Use of Internal Service Funds helps to prevent large swings in annual costs by anticipating future needs and amortizing replacement costs over a period of time. Internal service rates will be updated annually to ensure charges to departments can pay for the timely replacement of equipment and major maintenance costs. Capital outlays for purchases of replacement equipment are budgeted in the Internal Service Funds, while expenditures for new equipment that are not capital assets are included within the operating program budgets.

Although not recommended, if needed the above listed ISF may be utilized in other areas upon emergency needs deemed by the Board or GM. They are designated but unrestricted funds.

Budget Controls

Expenditures are controlled at the fund level for all budgeted departments within the District. This is the level at which expenditures may not legally exceed appropriations.

Operating Budget: The General Manager or designee is authorized to transfer General Fund operating budget appropriations within and between departments. Any amendments to the total level of net appropriations for a fund, or transfers between funds **above \$100,000 (One Hundred Thousand Dollars)**, must be approved by the Board of Directors.

Capital Improvement Program Budget: The General Manager or designee is authorized to transfer budget between CIP projects within a fund; however, District approval is required for capital project cost increases more than 10% of a project's current total authorized budget. Any amendments to the total level of net appropriations for a fund, or transfers between funds, must be approved by the Board of Directors.

Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Board of Directors.

Year-End Surplus

Any year-end surpluses in the operating budget will be used to increase fund balance reserves and utilized in accordance with the District's Reserve Policy. Unexpended appropriations in the operating budget for projects that are in progress and not anticipated to be completed by the end of the fiscal year will be included in the proposed operating budget for re-appropriation in the following year.

General Fund Reserves

Reserves are set aside for various legitimate purposes that are essential to the successful and stable, short and long- term operation of the Greater Vallejo Recreation District.

The ability of the Greater Vallejo Recreation District to maintain reserve funds is a critical factor in providing reliable service and ensuring overall financial strength.

Based on the Greater Vallejo Recreation District's experience with unreliable revenue sources from the State, Solano County, and the City of Vallejo, and expenses arising from sudden and unforeseen circumstances, the Board of Directors desires to establish general fund reserves to assist in maintaining the financial stability of the District. These policies will guide the District in:

- Planning for economic uncertainties, downturns in the local or national economy, local disasters or catastrophic events;
- Maintaining good standing with credit rating agencies;
- Future debt or capital obligations;
- Ensuring cash availability when revenue is unavailable;
- Deciding when to use reserves and how to replenish reserves if they have been spent.

Per current Government Accounting Standards Board Statement No. 54, ("GASB" 54), fund balances are divided into five (5) categories in the financial statements:

CATEGORY	DESCRIPTION
Non-Spendable	Cannot be readily converted to cash or is not legally spendable (example: assets required to be maintained intact)
Restricted	Externally imposed restrictions on spending (creditors, granting agencies, or laws)
Committed	District formally imposed restrictions on spending (by resolution or other action)
Assigned	Funds reserved by the Board of Directors for designated purposes
Unassigned	Residual balance not classified in any of the above categories and available for expenditure

For purposes of this document, the District's General Fund reserve will include the sum of the Committed, Assigned, and Unassigned Fund Balances for that fund.

GENERAL FUND RESERVES

GENERAL FUND			
Reserves	Description	Calculation	GASB Categorization
General Fund Operating Reserve	Provide funding to evaluate alternatives in the event of financial hardships, provide resources in times of economic uncertainties and downturns, and to provide funding due to unexpected expenditures and/or reductions in revenues.	Two (2) months annual operating expenditures or 15% of annual operating expenditures	Committed
General Fund Emergency Reserve	Provide operating and/or repair funds in the event of a local disaster or catastrophic event.	Base amount of \$1,500,000	Committed
General Fund Unassigned Reserve	Residual balance not classified in any of the above categories and available for expenditure	Residual General Fund balance not classified above and available for expenditure	Unassigned

General Fund Operating Reserve

The purpose of the General Fund Operating Reserve is to provide sufficient cash flow and to provide breathing room for the District to evaluate alternatives in the event of financial hardships, provide resources in times of economic uncertainties and downturns, and to provide funding due to unexpected expenditures and/or reductions in revenues.

The General Fund Operating Reserve is distinguished from the General Fund Emergency Disaster/Reserve, from any reserves that may be Committed for specific purposes, and from unassigned fund balance and shall be reported separately on the balance sheet.

Under "GASB 54" the General Fund Operating Reserve will also be categorized in the District's financial statements as *Committed* fund balance.

When adopting the budget each year, the Greater Vallejo Recreation District shall establish a General Fund Operating Reserve of 15% of annual General Fund expenditures, (equal to two months of annual operating expenditures), which is available for appropriation for financial hardships or to provide resources in times of economic uncertainties and downturns, and to provide funding due to unexpected expenditures and/or reductions in revenues.

Process for the Use of the General Fund Operating Reserve in the Event of Financial Adversity:

- Recommendations from the General Manager and staff on the proposed financial plan will be presented to the Board of Directors for review, discussion, and adoption at a public meeting.

Use of the General Fund Operating Reserve in the event of financial adversity will be by the direction of the Board of Directors only and shall be appropriated by a simple majority vote of the Board.

Should the Board opt not to draw on the Operating Reserve or should the financial hardship exceed the available reserve funds, the District may direct that funding be augmented through the following options:

- External/Third-Party Financing;
- Immediate spending freeze; and/or
- Other financing options available at the point of need.

The Board of Directors may from time-to-time authorize budget appropriations that would reduce the General Fund Operating Reserve below its policy-mandated 15% level, and this shall be by a simple majority vote of the Board.

If the Board appropriates funds that, for any purpose authorized in this policy, would drop the General Fund Operating Reserve below 15%, the next budget cycle should include a plan for how the General Fund Operating Reserve will be restored to the required 15% reserve level within a reasonable time.

General Fund Emergency Reserve

The purpose of the Greater Vallejo Recreation District's General Fund Emergency Reserve is to provide operating and/or repair funds in the event of a local disaster or catastrophic event.

When adopting the budget each year, the Greater Vallejo Recreation District shall establish a General Fund Emergency Reserve of 15% of property tax revenue, which is available for appropriation to respond to local disasters or catastrophic events, whether natural or man-made.

The Board of Directors may from time-to-time authorize budget appropriations that would reduce the General Fund Emergency Reserve below its policy-mandated 15% level, and this shall be by a simple majority vote of the Board. These appropriations should be made only in response to significant events such as, (but not limited to), natural disasters, declared emergencies or catastrophic events.

If the Board of Directors appropriates funds that, for any purpose authorized in this policy, would drop the General Fund Emergency Reserve below 15%, the next budget cycle should include a plan for how the General Fund Emergency Reserve will be restored to the required \$1.5 million reserve level within a reasonable time.

Under "GASB 54" the General Fund Emergency Reserve will be categorized in the District's financial statements as *Committed* fund balance.

Summary

The reserve fund policy states that designated reserves will be maintained to allow for funding of the District's operating and capital obligations, as well as funding for unforeseen events. Reserves will be established, replenished, and used only in a manner, which allows the District to fund costs consistent with the Multi Year Financial Plan and Strategic Action Plan and other Board adopted actions. The District's reserve fund policy shall be periodically reviewed and adjusted to meet the needs of the district.