

**GREATER VALLEJO
RECREATION DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2015**

GREATER VALLEJO RECREATION DISTRICT

JUNE 30, 2015

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GREATER VALLEJO RECREATION DISTRICT

JUNE 30, 2015

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Craig R. Fechter, CPA, MST
Scott A. German, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities each major fund, and the aggregate remaining fund information of the Greater Vallejo Recreation District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Vallejo Recreation District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Greater Vallejo Recreation District
Vallejo, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on other post-employment benefit plans on pages 3-8 and 32-33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the Greater Vallejo Recreation District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year ended June 30, 2015.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Vallejo Recreation District's basic financial statements. The accompanying financial statement of Measure K funding as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement of Greater Vallejo Recreation District. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fechter & Company, Certified Public Accountants



Sacramento, CA
November 13, 2015

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Our discussion and analysis of the Greater Vallejo Recreation District (GVRD) financial performance provides an overview of the financial position and operating activities for the fiscal year ended June 30, 2015. The purpose of Management's Discussion and Analysis is to assist readers of the financial statements and to better understand the basis of accounting including the relationship of the statements to each other and the significant differences in the information they provide.

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

GVRD

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

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

FINANCIAL INFORMATION

FINANCIAL POSITION

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

At June 30, 2015, the District's assets were \$22.063 million, liabilities were \$4.553 million and net position was \$16.930 million. The District's capital asset grew \$.250 million at the end of June 30, 2015, mainly on a new building and other improvements. Capital assets included land, infrastructure, buildings improvements, equipment and construction in progress. The required funding for capital assets continued to provide the parks and recreation facilities necessary to accommodate the community needs. Changes in other asset categories were relatively insignificant.

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL INFORMATION (Continued)

FINANCIAL POSITION (Continued)

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

RESULTS OF OPERATIONS

At the end of the fiscal year, the general fund operating total revenues were \$8.6 million and total expenditures were \$7.672 million. The ending fund balance was positive. The major source of funding came from property taxes. The District property tax revenues comprised approximately 69% of its general fund revenue base.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

DESCRIPTION OF FINANCIAL STATEMENTS

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

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

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

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

DESCRIPTION OF FINANCIAL STATEMENTS (Continued)

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION (other than MD&A)

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

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

ANALYSIS OF FUND BALANCES

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

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

CASH AND INVESTMENTS

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

Colusa Property

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

Mare Island Sports Complex

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

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

COMPARATIVE GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	<u>June 30,</u>		Variance	%
	<u>2015</u>	<u>2014</u>		
Assets				
Cash and Investments	\$ 6,221,263	\$ 5,494,666	\$ 726,597	13.22%
Accounts Receivable	74,322	117,371	(43,049)	-36.68%
Capital Assets	15,767,309	15,418,026	349,283	2.22%
Deferred Outflows of Resources	357,277	-	357,277	
Total Assets	<u>22,420,171</u>	<u>21,030,063</u>	<u>1,390,108</u>	6.61%
Liabilities				
Accounts payable and Accrued Expenses	365,566	263,074	(102,492)	-38.95%
Net Pension Liability	3,975,585	-	(3,975,585)	
Deferred Pensions	936,169	-	(936,169)	
Compensated Absences Liability	212,433	208,306	(4,127)	-1.98%
Total liabilities	<u>5,489,753</u>	<u>471,380</u>	<u>(5,018,373)</u>	
Fund equity				
Invested in capital assets, net of related debt	15,767,309	15,418,026	349,283	2.22%
Unrestricted & restricted	1,163,109	5,140,657	(3,977,548)	
Total net position	<u>\$16,930,418</u>	<u>\$20,558,683</u>	<u>\$(3,648,265)</u>	-17.75%

CHANGES IN NET POSITION

Revenues				
General				
Taxes	\$ 5,519,550	\$ 5,205,038	\$ 314,512	6.04%
Park Dedication Fees	268,884	268,198	686	.26%
Grants	387,291	389,688	(2,397)	-.62%
Use of Money and Property	515,074	152,961	362,113	236%
Miscellaneous, net	337,399	151,958	185,441	122.03%
Service				
Contract Services	15,859	15,837	22	.14%
Park and Recreation Services	1,568,447	1,311,415	257,032	19.59%
Donations	760	2,458	(4,488)	-64.61%
Total revenues	<u>8,613,264</u>	<u>7,497,553</u>	<u>1,115,711</u>	14.88%
Expenses				
Recreation	7,030,062	6,388,874	(641,188)	-10.03%
Depreciation	642,816	574,064	(68,752)	-11.97%
Total expenses	<u>7,672,878</u>	<u>6,962,938</u>	<u>(709,940)</u>	-10.19%
Change in net position	<u>\$ 940,386</u>	<u>\$ 534,615</u>	<u>\$ 405,771</u>	

**GREATER VALLEJO RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CONCLUSION – REQUEST FOR INFORMATION

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

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

General Manager	Shane McAfee	707-648-4603 smcafee@gvrd.org
Finance Director	Romi Selfaison	707-648-4617 rselfaison@gvrd.org

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS

Cash and investments	\$ 6,221,263
Due from other governments	74,322
Capital assets, net	15,767,309
	<u>15,767,309</u>

TOTAL ASSETS

22,062,894

DEFERRED OUTFLOWS OF RESOURCES (NOTE 14)

Deferred pensions	357,277
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LIABILITIES

Accounts payable	171,394
Accrued payroll and benefits	193,148
Accrued expenses	1,024
Long-term liabilities:	
Net pension liability	3,975,585
Compensated absences	212,433
	<u>4,553,584</u>

TOTAL LIABILITIES

4,553,584

DEFERRED INFLOWS OF RESOURCES (NOTE 14)

Deferred pensions	936,169
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NET POSITION

Invested in capital assets, net of related debt	15,767,309
Restricted for:	
Park development	237,267
Unrestricted	925,842
	<u>925,842</u>

NET POSITION

\$ 16,930,418

**GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Parks and recreation	\$7,672,878	\$1,568,447	\$ -	\$ -	\$ (6,104,431)
Total Governmental Activities	<u>\$7,672,878</u>	<u>\$1,568,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,104,431)</u>

General Revenues

Property taxes and assessments	5,519,550
Intergovernmental revenues	387,291
Use of money and property	515,074
Park dedication fees	268,884
Contract income	15,859
Donations	760
Other revenues	<u>337,399</u>
Total general revenues	7,044,817
Change in net position	940,386
Net position at beginning of fiscal year	<u>20,558,683</u>
Prior period adjustment (Note 15)	<u>(4,568,651)</u>
Net position at end of fiscal year	<u>\$ 16,930,418</u>

**GREATER VALLEJO RECREATION DISTRICT
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and investments	\$ 5,983,996	\$ 237,267	\$ 6,221,263
Accounts receivable	74,322	-	74,322
TOTAL ASSETS	\$ 6,058,318	\$ 237,267	\$ 6,295,585
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 171,394	\$ -	\$ 171,394
Accrued payroll and benefits	193,148	-	193,148
Accrued expenses	1,024	-	1,024
Compensated absences	212,433	-	212,433
TOTAL LIABILITIES	577,999	-	577,999
 Fund Balances			
Reserved for park development	-	237,267	237,267
Assigned for Measure K expenditures	767,287	-	767,287
Unreserved:			
Assigned for future expenditures	4,713,032	-	4,713,032
TOTAL FUND EQUITY	5,480,319	237,267	5,717,586
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,058,318	\$ 237,267	\$ 6,295,585

**GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund Balances of Governmental Funds		\$ 5,717,586
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		15,767,309
Deferred outflows of resources are not reported in the Statement of Net Position		357,277
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Deferred inflows of resources		(936,169)
Net Pension Liability		<u>(3,975,585)</u>
Net position of governmental activities		<u>\$ 16,930,418</u>

GREATER VALLEJO RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes and assessments	\$ 5,519,550	\$ -	\$ 5,519,550
Intergovernmental revenues	387,291	-	387,291
Use of money and property	514,795	279	515,074
Park dedication fees	268,884	-	268,884
Donations	760	-	760
Other revenues	337,399	-	337,399
Contract services	15,859	-	15,859
Park and recreation services	1,568,447	-	1,568,447
Total Revenues	<u>8,612,985</u>	<u>279</u>	<u>8,613,264</u>
EXPENDITURES			
Salaries and benefits	4,481,128	-	4,481,128
Services and supplies	2,563,108	-	2,563,108
Capital outlay	992,099	-	992,099
Total Expenditures	<u>8,036,335</u>	<u>-</u>	<u>8,036,335</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>576,650</u>	<u>279</u>	<u>576,929</u>
Fund Balances, July 1, 2014	<u>4,903,669</u>	<u>236,988</u>	<u>5,140,657</u>
Fund Balances, June 30, 2015	<u><u>\$ 5,480,319</u></u>	<u><u>\$ 237,267</u></u>	<u><u>\$ 5,717,586</u></u>

**GREATER VALLEJO RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ 576,929
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Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

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

Cost of assets capitalized	992,099
Depreciation expense	(642,816)

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

Change in accrued pension liability	14,174
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Change in net position of governmental activities	\$ 940,386
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GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: DISTRICT

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

Government-Wide Financial Statements

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

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

The District's Government Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the general and capital projects funds. The additional exhibits are presented to reconcile and explain the

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (continued)

differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. This time period is usually sixty days.

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

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

Non-Current Governmental Assets/Liabilities

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

Capital Assets

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

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

Budgets

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

Cash and Investments

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

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

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

Compensated Absences

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

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Allowance for Doubtful Accounts

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

Fund Balances

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

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

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

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

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

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

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred inflows of resources.

NOTE 3: CASH AND INVESTMENTS

Cash and investments as of June 30, 2015, are summarized below:

Cash on hand, in banks, and in County	\$6,221,263
---------------------------------------	-------------

Cash on Hand and in Banks

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

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3: CASH AND INVESTMENTS (Continued)

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

At June 30, 2015, the following comprised the District's cash balances:

Business interest checking accounts	<u>\$2,858,006</u>
	<u><u>\$2,858,006</u></u>

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

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

	<u>Carrying Amount</u>	<u>Market Value</u>
Balance, June 30, 2015	<u>\$3,362,941</u>	<u>\$3,362,941</u>

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

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4: CAPITAL ASSETS

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

	Balance June 30, 2014	Additions	Disposals	Adjustments	Balance June 30, 2015
Land	\$ 716,304	\$ 36,368	\$ -	\$ -	\$ 752,672
Buildings	729,546	112,739	-	-	842,285
Parks	2,858,065	-	-	-	2,858,065
Park Improvements	22,116,348	842,992	-	-	22,959,340
Building Improvements	1,137,231	-	-	-	1,137,231
Vehicles	443,778	-	-	-	443,778
Maintenance Equip	326,399	-	-	-	326,399
Office Equipment	567,127	-	-	-	567,127
Acc. Depreciation	(13,476,772)	(642,816)	-	-	(14,119,588)
	<u>\$ 15,418,026</u>	<u>\$ 349,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,767,309</u>

For the year ended June 30, 2015, the depreciation expense was \$642,816, all charged to the recreation function.

NOTE 5: INTERGOVERNMENTAL REVENUES

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

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

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5: INTERGOVERNMENTAL REVENUES (Continued)

For the year ended June 30, 2014, the City reported the following activities for the benefit of the District.

Fund Balance at June 30, 2014	\$ 1,410,316
Licenses, Permits & Fees Collected	88,008
Investment income credited	7,300
Transfers from City and School District	565,300
Expenditures charged	<u>(1,582,027)</u>
Fund Balance at June 30, 2015	<u>\$ 488,897</u>

The following comprised the Fund assets at June 30, 2015:

Cash and investments	\$ 402,682
Receivables	323,471
Deposits and deferred items	<u>(237,256)</u>
	<u>\$ 488,897</u>

NOTE 6: FUNDS AVAILABLE FOR CAPITAL PROJECTS

At June 30, 2015, the following cash funds were available to the District for capital projects and improvements:

Cash and investments (City of Vallejo)	\$ 488,897
Cash accounts (District)	<u>237,267</u>
Total	<u>\$ 726,164</u>

NOTE 7: NET POSITION

Total net position of \$16,930,418 consists of:

Invested in capital assets, net of related debt	\$ 15,767,309
Restricted reserves	237,267
Unrestricted	<u>925,842</u>
Total	<u>\$ 16,930,418</u>

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: DEFERRED COMPENSATION PLAN

The District offers to its employees a deferred compensation retirement plan in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, allows them to defer a portion of their salary until future years. Withdrawals from the Plan are not permitted to employees until termination, retirement, death, or unforeseeable emergency. The annual maximum deferral amount shall not exceed the lesser of \$15,000 or 33 1/3 of includible compensation; and an additional \$5,000 for employees over 50 years old. The Plan does not contain a provision for the employer matching contributions except for contractually agreed upon matches.

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

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

Plan assets at June 30, 2015, are stated at market value.

Financial activity of the Plan for the year ended June 30, 2015, is summarized below:

Contributions	\$ 75,680
Change in Value	106,788
Net Withdrawals	<u>(102,664)</u>
Net increase	79,804
Balance, June 30, 2013	<u>2,453,565</u>
Balance, June 30, 2014	<u>\$2,533,369</u>

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: PENSION PLAN

The District is a participant in a defined benefit pension plan through California Public Employees' Retirement System (CALPERS). The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The amount of pension contributions by the District to CALPERS is actuarially determined under a program wherein contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits when due. The District relies on the competency of CALPERS in determining the funding method, the adequacy of funding, and the spreading of actuarial gains and losses which is currently on a four-year basis.

Plan Description

Greater Vallejo Recreation District contributes to CALPERS, an agent multiple-employer public employee's retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CALPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Greater Vallejo Recreation District. The financial report may be obtained by writing to CALPERS Actuarial Office, P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy

Tier 1 participants are required to contribute 7.0% of their annual covered salary and Tier 2 participants are required to contribute 6.25%. The District is required to contribute at an actuarially determined rate; the current rates of annual covered payroll are as follows:

Tier 1 – 19.629%

Tier 2 – 6.25%

Method Used to Value Investments:

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

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: PENSION PLAN (Continued)

Funding Policy (Continued)

The contribution requirements of plan members and the District are established and may be amended by CalPERS.

At June 30, 2015 the District reported a liability of \$3,975,585 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2015 the District recognized pension expense of \$343,103 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013.

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

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

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

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

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 6,229,535	\$ 3,975,585	\$ 2,105,021

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

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: COMMITMENTS

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

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

NOTE 11: CONTINGENCIES

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

NOTE 12: RISK OF LOSS

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

NOTE 13: POST-RETIREMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with PERS and have completed a minimum of 5 years of employment with the District. For the year ended June 30, 2015, 26 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2015, expenditures of \$125,848 were recognized for post-employment health care benefits.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13: POST-RETIREMENT BENEFITS (Continued)

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2015, the District contributed the amount of \$125,848.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 125,858
Contributions made	<u>(125,858)</u>
Increase in net OPEB obligation	-
Net OPEB obligation – beginning of year	<u>-</u>
Net OPEB obligation – end of year	<u><u>\$ -</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 125,848	100%	\$ 0

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13: POST-RETIREMENT BENEFITS (Continued)

Funded Status and Funding Process

As of June 30, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,480,733, of which \$464,508 had been put into an irrevocable trust. The covered payroll (annual payroll of active employees covered by the plan) was \$1,542,675 and the ratio of the UAAL to the covered payroll was 101.09%.

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.50% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare premium maximum of \$432/month per employee. An inflation rate of 3.0% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was seventeen years.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63 (defined in footnote No. 1), the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The sum total is \$353,947.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The sum total at year-end was \$936,169.

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

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

\$357,277 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2016.

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

Year Ending June 30,	Amount
2016	\$ 213,779
2017	213,779
2018	215,719
2019	223,486
Total	\$ 866,763

GREATER VALLEJO RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15: PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded in the Government-Wide financial statements in an amount totaling \$4,568,651 to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

NOTE 16: SUBSEQUENT EVENTS

The date of the final management review is through November 15, 2015. No events occurred subsequent to the balance sheet that warranted accrual or adjustments to the carrying balances of assets and liabilities on the balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER VALLEJO RECREATION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes and assessments	\$ 5,262,442	\$ 5,262,442	\$ 5,519,550	\$ 257,108
Intergovernmental revenues	332,808	332,808	387,291	54,483
Use of money and property	476,252	476,252	514,795	38,543
Park dedication fees	90,000	90,000	268,884	178,884
Donations	2,000	2,000	760	(1,240)
Other revenues	69,630	69,630	337,399	267,769
Contract services	-	-	15,859	15,859
Park and recreation services	1,857,003	1,857,003	1,568,447	(288,556)
	<u>8,090,135</u>	<u>8,090,135</u>	<u>8,612,985</u>	<u>522,850</u>
EXPENDITURES				
Current:				
Salaries and benefits	4,945,495	4,945,495	4,481,128	464,367
Services and supplies	2,782,149	2,782,149	2,563,108	219,041
Capital outlay	1,214,000	1,214,000	992,099	221,901
	<u>8,941,644</u>	<u>8,941,644</u>	<u>8,036,335</u>	<u>905,309</u>
Excess of revenues over (under) expenditures	(851,509)	(851,509)	576,650	(382,459)
Fund balances - July 1, 2014			<u>4,903,669</u>	
Fund balances - June 30, 2015			<u><u>\$ 5,480,319</u></u>	

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Budgetary Basis of Accounting

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

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After a public hearing, a final budget is approved by the District Board of Directors with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The fiscal year 2014/2015 budget document budgeted Measure K carry-forward fund balances as a revenue source. This is not on the GAAP basis of accounting as it simply shows the full amount of Measure K resources available for spending and not just the funds expected to be collected during the fiscal year.

**GREATER VALLEJO RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – POST-EMPLOYMENT
BENEFITS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$2,087,295	\$ 2,087,295	0.0%	\$1,542,675	135.30%
7/1/2012	\$ 464,508	\$1,480,733	\$ 1,016,225	31.37%	\$1,542,675	65.87%

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**GREATER VALLEJO RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2015**

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

Last 10 Fiscal years*:

	FY 2014
District’s portion of the net pension liability	Varies by plan
District’s proportionate share of the net pension liability	\$ 3,975,585
District’s covered employee payroll	2,029,435
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.89%
Plan Fiduciary net position as a percentage of the total pension liability	76.59%

*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years*:

	FY 2014
Actuarially determined contribution	\$ 343,103
Total actual contributions	343,103
Contribution deficiency (excess)	\$ -
 The District’s covered-employee payroll - \$2,029,435	 \$ 2,029,435
Contributions as a percentage of covered employee payroll	16.9%

SUPPLEMENTAL INFORMATION

**GREATER VALLEJO RECREATION DISTRICT
PRINCIPAL OFFICIALS**

BOARD OF DIRECTORS:

Gary Salvadori	Director
Dennis Albright	Director
Karol Heppe	Director
Sheryl Pannell Lea	Director
Wendell Quigley	Director

OPERATIONS:

Shane McAfee	General Manager
Romi Selfaison	Finance Director

**GREATER VALLEJO RECREATION DISTRICT
MEASURE K FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Measure K assessment	<u>\$ 2,058,357</u>
Total Revenues	<u>2,058,357</u>

EXPENDITURES

Salaries and benefits	939,482
Printing	36,693
Repairs and maintenance	136,588
Transfers and reserves	123,289
Fuels and lubricants	21,643
Recreation supplies and services	102,564
Capital outlay	<u>1,033,594</u>
Total Expenditures	<u>2,393,853</u>

Net change in fund balance (335,496)

Fund balances - July 1, 2014 1,102,783

Fund balances - June 30, 2015 \$ 767,287