

**VACAVILLE-ELMIRA CEMETERY DISTRICT
OF SOLANO COUNTY**



**Independent Auditor's Report and Financial Statements
For the fiscal years ended June 30, 2023 and 2022**

**Vacaville-Elmira Cemetery District of Solano County
For the fiscal years ended June 30, 2023 and 2022**

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**Vacaville-Elmira Cemetery District of Solano County
For the fiscal years ended June 30, 2023 and 2022**

Board of Trustees*

Ronald Rushford – Chairperson

Wendy Wigmore-Jackson - Vice Chairperson

Milton Steck - Trustee

Eloa Dorjahn – Trustee

Vacant

* As of May 31, 2024

District Manager – Heather Strachan

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Vacaville-Elmira Cemetery District
Vacaville, California

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Vacaville-Elmira Cemetery District (District), as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>OPINION UNIT</u>	<u>TYPE OF OPINION</u>
Governmental Activities *	Unmodified
Governmental Fund*	Unmodified

* A qualified opinion is issued for the Deposits Payable liability account that is included in both opinion units.

Unmodified Opinions on Governmental Activities and Governmental Funds

In our opinion, except for the effects of the matter described in the Matters Giving Rise to the Qualified Opinion on the Deposits Payable Liability Account section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the governmental funds of the Vacaville-Elmira Cemetery District, as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters Giving Rise to the Qualified Opinion on the Deposits Payable Liability Account

Management has not adopted a process for maintaining a sufficient subsidiary ledger for the deposits payable account to support the general ledger. Accounting principles generally accepted in the United States of America require that a subsidiary ledger is maintained to provide detail for the corresponding control account. A material variance exists between the deposits payable general ledger control account and the subsidiary ledger in the amount of \$141,432 and \$168,199 for the fiscal years 2022/23 and 2021/22, respectively. The departure from GAAP relates only to this specific account balance and is not pervasive to the financial taken as a whole.

Basis for Unmodified and Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Vacaville-Elmira Cemetery 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 unmodified and qualified 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 opinion. 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 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, 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, budget comparison schedules and pension related information 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.

The Vacaville-Elmira Cemetery District has not presented the Management Discussion and Analysis. The required supplementary information presented to supplement the basic financial statements is described as the Schedule the District's Proportionate Share of the Net Pension Liability and Related Ratios, the District's Schedule of Plan Contributions, and the Budget Comparison Schedules for the General Fund.

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.

Melinda S Ingram

Melinda S. Ingram, CPA
Fairfield, California
May 31, 2024

Vacaville-Elmira Cemetery District
Statement of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash & investments	\$ 7,264,197	\$ 6,759,095
Accounts receivable	-	38,272
Due from other funds	450	250
Prepaid expense	250	-
Total current assets	7,264,897	6,797,617
Noncurrent assets		
Capital assets (Note D)		
Land	661,575	661,575
Structures and improvements, net	980,968	1,098,477
Equipment, net	363,580	131,300
Infrastructure	175,536	176,106
Intangibles	11,521	13,271
Total noncurrent assets	2,193,180	2,080,729
Total assets	9,458,077	8,878,346
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	330,044	135,280
Total deferred outflows of resources	330,044	135,280
 LIABILITIES		
Current liabilities		
Accounts payable	24,816	45,194
Due to other funds	450	250
Due to other agencies	21,485	16,411
Outstanding warrants	2,637	18,690
Deposits payable	1,208,153	1,171,920
Total current liabilities	1,257,541	1,252,465
Noncurrent liabilities		
Compensated absences	88,385	81,891
Net pension liability	688,368	287,815
Total noncurrent liabilities	776,753	369,706
Total liabilities	2,034,294	1,622,171
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	55,265	293,807
Total deferred inflows of resources	55,265	293,807
 NET POSITION		
Net investment in capital assets	2,193,180	2,080,729
Restricted for:		
Endowment principal (nonexpendable)	2,353,212	2,310,450
Unrestricted	3,152,170	2,706,469
Total net position	\$ 7,698,562	\$ 7,097,648

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Statement of Activities
For the fiscal years ended June 30, 2023 and 2022

	2023	2022
Program expenses		
Employee services	\$ 709,489	\$ 623,810
Depreciation	140,677	137,026
Professional & specialized services	55,577	150,230
Cemetery supplies	53,399	49,218
Maintenance	31,948	51,780
Household expense	23,040	21,289
Rents & leases	22,781	512
Insurance	15,053	13,895
Supplies	11,882	7,254
Transportation & travel	11,079	11,794
Utilities	6,379	5,359
Special district expense	6,241	3,863
Memberships	5,473	8,881
Small tools & instruments	2,036	2,499
Property tax refunds	1,944	964
Communication	1,790	2,197
Non-capitalized equipment	1,276	4,456
Miscellaneous	882	948
Total program expenses	1,100,946	1,095,975
Program revenues		
Charges for services	557,851	525,743
Operating grants and contributions	84,500	84,925
Total program revenues	642,351	610,668
Net program expenses	458,595	485,307
General revenues		
Property taxes	967,212	981,079
Interest income	95,294	12,325
Sale of fixed assets	14,000	-
Intergovernmental revenue	102	1,850
Increase/(decrease) in fair value of investments	(22,254)	(162,038)
Miscellaneous	5,155	185
Total general revenues	1,059,509	833,401
Change in net position	600,914	348,094
Net position- beginning	7,097,648	6,735,469
Prior period adjustment	-	14,085
Net position- beginning, restated	7,097,648	6,749,554
Net position- ending	\$ 7,698,562	\$ 7,097,648

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Balance Sheet
Governmental Funds
June 30, 2023

	General	Permanent	Total Governmental Funds
Assets			
Cash & equivalents	\$ 4,452,084	2,812,113	\$ 7,264,197
Due from other funds	-	450	450
Prepaid expense	250	-	250
Total assets	\$ 4,452,334	\$ 2,812,563	\$ 7,264,897
Liabilities			
Accounts payable	\$ 24,816	-	\$ 24,816
Outstanding warrants	2,637	-	2,637
Due to other funds	450	-	450
Due to other agencies	21,485	-	21,485
Deposits payable	1,208,153	-	1,208,153
Total liabilities	1,257,541	-	1,257,541
Fund Balances			
Nonspendable:			
Endowment principal (nonexpendable)	-	2,353,212	2,353,212
Committed:			
Imprest cash	20,500	-	20,500
Deposits with others	1,496,519	354,535	1,851,054
Assigned:			
Future capital improvements	530,298	-	530,298
General operations	-	104,816	104,816
Unassigned	1,147,476	-	1,147,476
Total fund balances	3,194,793	2,812,563	6,007,356
Total liabilities and fund balances	\$ 4,452,334	\$ 2,812,563	\$ 7,264,897

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Permanent	Total Governmental Funds
Assets			
Cash & equivalents	\$ 4,042,727	\$ 2,716,368	\$ 6,759,095
Accounts receivable	35,572	2,700	38,272
Total assets	\$ 4,078,299	\$ 2,719,068	\$ 6,797,367
Liabilities			
Accounts payable	\$ 45,194	-	\$ 45,194
Outstanding warrants	18,690	-	18,690
Due to other funds	250	(250)	-
Due to other agencies	16,411	-	16,411
Deposits payable	1,171,920	-	1,171,920
Total liabilities	1,252,465	(250)	1,252,215
Fund Balances			
Nonspendable:			
Endowment principal (nonexpendable)	-	2,310,450	2,310,450
Committed:			
Imprest cash	20,500	-	20,500
Deposits with others	512,626	318,944	831,570
Assigned:			
Future capital improvements	442,503	-	442,503
General operations	-	89,924	89,924
Unassigned	1,850,205	-	1,850,205
Total fund balances	2,825,834	2,719,318	5,545,152
Total liabilities and fund balances	\$ 4,078,299	\$ 2,719,068	\$ 6,797,367

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
For the fiscal years ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
Total governmental funds, fund balance	\$ 6,007,356	\$ 5,545,152
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds	2,193,180	2,080,729
Deferred inflows and outflows of resources related to the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred outflows related to pensions	330,044	135,280
Deferred inflows related to pensions	(55,265)	(293,807)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Net pension liability	(688,368)	(287,815)
Compensated absences	<u>(88,385)</u>	<u>(81,891)</u>
Net position of governmental activities	<u>\$ 7,698,562</u>	<u>\$ 7,097,648</u>

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2023

	<u>General</u>	<u>Permanent</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 967,212	\$ -	\$ 967,212
Charges for services	557,851	-	557,851
Interest income	80,402	14,892	95,294
Miscellaneous	5,155	-	5,155
Intergovernmental revenue	102	-	102
Decrease in fair value of investments	(16,107)	(6,147)	(22,254)
Endowment fees		84,500	84,500
Total revenues	<u>1,594,615</u>	<u>93,245</u>	<u>1,687,860</u>
Expenditures			
Employee services	735,748	-	735,748
Professional & specialized services	55,577	-	55,577
Cemetery supplies	53,398	-	53,398
Maintenance	31,948	-	31,948
Household expense	23,040	-	23,040
Rents & leases	22,781	-	22,781
Insurance	15,053	-	15,053
Supplies	11,884	-	11,884
Transportation & travel	11,078	-	11,078
Utilities	6,379	-	6,379
Special district expense	6,241	-	6,241
Memberships	5,473	-	5,473
Small tools & instruments	2,036	-	2,036
Property tax refunds	1,944	-	1,944
Communication	1,790	-	1,790
Non-capitalized equipment	1,276	-	1,276
Miscellaneous	882	-	882
Capital outlay	253,128	-	253,128
Total expenditures	<u>1,239,656</u>	<u>-</u>	<u>1,239,656</u>
Excess of revenues over expenditures	354,959	93,245	448,204
Other Financing Sources			
Proceeds from sale of capital assets	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Change in fund balance	368,959	93,245	462,204
Fund balance - beginning	<u>2,825,834</u>	<u>2,719,318</u>	<u>5,545,152</u>
Fund balance - ending	<u>\$ 3,194,793</u>	<u>\$ 2,812,563</u>	<u>\$ 6,007,356</u>

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2022

	<u>General</u>	<u>Permanent</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 981,079	\$ -	\$ 981,079
Charges for services	525,743	-	525,743
Interest income	10,407	1,919	12,326
Intergovernmental revenue	1,850	-	1,850
Endowment fees	-	84,925	84,925
Decrease in fair value of investments	(34,948)	(127,090)	(162,038)
Miscellaneous	185	-	185
Total revenues	<u>1,484,316</u>	<u>(40,246)</u>	<u>1,444,070</u>
Expenditures			
Employee services	638,056	-	638,056
Professional & specialized services	150,231	-	150,231
Maintenance	51,780	-	51,780
Cemetery supplies	49,219	-	49,219
Household expense	21,289	-	21,289
Insurance	13,895	-	13,895
Transportation & travel	11,794	-	11,794
Memberships	8,881	-	8,881
Supplies	7,254	-	7,254
Utilities	5,359	-	5,359
Non-capitalized equipment	4,456	-	4,456
Special district expense	3,863	-	3,863
Small tools & instruments	2,499	-	2,499
Communication	2,197	-	2,197
Property tax refunds	964	-	964
Rents & leases	512	-	512
Miscellaneous	948	-	948
Capital outlay	42,478	-	42,478
Total expenditures	<u>1,015,675</u>	<u>-</u>	<u>1,015,675</u>
Excess/(deficiency) of revenues over expenditures and deficiency of revenue	468,641	(40,246)	428,395
Fund balance - beginning	2,343,108	2,759,564	5,102,672
Prior period adjustment	14,085	-	14,085
Fund balance - beginning, restated	<u>2,357,193</u>	<u>2,759,564</u>	<u>5,116,757</u>
Fund balance - ending	<u>\$ 2,825,834</u>	<u>\$ 2,719,318</u>	<u>\$ 5,545,152</u>

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net change in fund balances	\$ 462,204	\$ 428,395
 Amounts reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	253,128	42,478
Depreciation expense	<u>(140,677)</u>	<u>(137,026)</u>
	112,451	(94,548)
 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 fund.		
Change in net pension liability	32,753	26,268
Change in compensated absences	<u>(6,494)</u>	<u>(12,021)</u>
	26,259	14,247
 Change in net position of governmental activities	 <u>\$ 600,914</u>	 <u>\$ 348,094</u>

The notes to the financial statements are an integral part of this statement.

Vacaville-Elmira Cemetery District of Solano County
Notes to the Basic Financial Statements
For the fiscal years ended June 30, 2023 and 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. In addition, the District complies with the uniform accounting system for districts prescribed by the State Controller in compliance with the Government Code of the State of California.

A. Reporting Entity

The Vacaville-Elmira Cemetery District (District) of Solano County was organized on June 7, 1926 and has operated one cemetery, the Vacaville-Elmira Cemetery, since its inception. The District owns additional undeveloped land on Pleasants Valley Road for future development of a second cemetery. The District boundaries include eastern portions of Vacaville, and the unincorporated communities of northeastern Solano County.

The District operates as a public cemetery under Sections 8125 to 8137 and Sections 9000 to 9093 of the Health and Safety Code of the State of California. The Board of Trustees consisting of five (5) members, serving four-year terms, governs the District. The Board of Supervisors of Solano County approves the appointment of each Trustee.

B. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenue, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government.

The statement of activities demonstrates the degree to which the program expenses of a given function or segment are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by recipients of goods and services offered by the programs, and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Permanent Fund* is the District's endowment fund. In August 1984, California Assembly Bill No. 3245 amended section 8952 of the Health and Safety Code, requiring cemetery districts to establish an endowment care fund. The endowment fund accounts for all financial resources of the District collected for the perpetual care of District cemeteries. The principal portion of these resources is not available for use by the District. The principal portion of the endowment fees are recorded as non-spendable fund balance in the District's financial statements. The interest earned on the endowment care fees are recorded as assigned expendable fund balance and is available for use by the District for the maintenance of the cemetery grounds.

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

1. Cash and Equivalents

The District's cash is maintained in a commercial bank and the Solano County Treasury.

The First Northern bank account is funded on an imprest (advance) basis with the District's cash in the County Treasury. The District uses the commercial bank account to satisfy its obligations resulting from day-to-day operations. As of June 30, 2023 and 2022, the carrying amount and the bank balance were \$20,000, which is entirely covered by federal depository insurance. The District also maintains a zero-balance depository account wherein cash collections from the sale of internment items are deposited to the account on a weekly basis. At month-end a check is deposited to the Solano County Treasury.

The District's cash maintained in the Solano County Treasury is pooled with the County and various other depositors. The District is a mandatory depositor, pursuant to the California Health & Safety Code Section 9074. The District's ability to withdraw large sums of cash from the County Treasury may be subject to certain restrictions as set by the County Treasurer.

The County's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the County Board of Supervisors. The objectives of the policy (in order of priority) are legality, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms of maturity. A detailed breakdown of cash and investments and a categorization of risk factors per GASB Statement No. 40, *Deposits and Investment Risk Disclosures* and GASB Statement No. 72, *Fair Value Measurement and Application*, are presented in the County of Solano Comprehensive Annual Financial Report.

2. *Deposits with Others*

Deposits with others represent brokerage investment accounts with Stifel, Nicolaus & Company, Incorporated and Western International Securities that include the investment of endowment principal and other District income. Investments are reported at fair value. Fair value represents the amount the District can reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained from custodial investments. As of June 30, 2023 and 2022, the total value of the District's investments with the brokerages was \$3,584,622 and \$2,606,876 respectively. The financial statements reflect unrealized losses in the amount of (\$22,254) and (\$162,038) for fiscal years 2022/23 and 2021/22, respectively.

3. *Interfund Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". The District's interfund accounts would be eliminated from the government-wide financial statements because both of those funds are reported within the governmental activities' column.

4. *Accounts Receivable*

Accounts receivable represent amounts due to the District for services rendered that were received during the fiscal year-end accrual period. An allowance for doubtful accounts has not been established since the District does not issue credit sales.

5. *Prepaid Expenses*

Prepaid expenses represent payments made to vendors for costs that benefit future periods.

6. Capital Assets

Capital assets, which include land, construction in progress, structures and improvements, infrastructure, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District's capitalization policy as assets with an initial cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are valued at their fair value on the date of donation.

Structures and improvements, equipment, and depreciable infrastructure assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer equipment	3-7
Office equipment	3-7
Specialty equipment and vehicles	3-20
Buildings and improvements	10-40
Roads (surface only)	10-20
Infrastructure	20

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In the fund financial statements, fixed assets used in the District's operations are accounted for as capital outlay expenditures of the District's General Fund upon acquisition.

7. Accounts Payable

Accounts payable represents the balance due for goods received and/or services rendered.

8. Due to Other Agencies

Due to other agencies represents amounts owed to governmental entities and others outside the District.

9. Outstanding Warrants

Outstanding warrants represent the amount of warrants issued but not yet presented to the County for payment. When payables are processed, expenditures are recorded in the individual funds and a liability for accounts payable is created. When the warrant is issued, the liability for accounts payable is reduced and an outstanding warrant liability is created, pending payment of the warrant.

10. Deposits Payable

Deposits payable represent both full payment and installment payments collected from pre-need contracts. These include the sale of plots and niches, cemetery services/products such as opening and closing of graves or niches, vaults, grave liners, urns, vases, and endowment care fees. Amounts received are recognized as

revenues upon actual delivery of the services/products or when payment in full has been received, depending on the item purchased.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2023 and June 30, 2022, the District has several items comprising the amount of deferred outflows of resources reported on the Statement of Net Position that are related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. As of June 30, 2023 and June 30, 2022, the District has several items comprising the amount of deferred inflows of resources reported on the Statement of Net Position that are related to pensions.

12. Compensated Absences

It is the District's policy to permit qualified employees to accumulate earned but unused vacation leave benefits. Accrued vacation leave is paid at the time of the employee's termination based on established District policy. In accordance with GASB Statement No. 16, the District's compensated absences leave is accrued when incurred in the government-wide financial statements. An expenditure is reported in the governmental fund only if unused vacation/sick leave is paid out due to an employee separating from service with the District.

District policy states upon termination of employment, except discharge for cause, a regular employee may be paid for fifty (50) percent of their accumulated unused sick leave, up to a maximum of 320 hours and convert the remainder of unused sick leave to CalPERS Service Credit or convert all unused sick leave to CalPERS Service Credit. All accrued, but unused vacation leave (no limit of hours) will be paid upon termination of employment at the employee's current hourly or salaried rate of pay at the time of termination of employment.

13. 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 Rio Vista-Montezuma Cemetery District's California Public Employees Retirement System (CalPERS) Plans 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. Payments for pension liabilities are liquidated by the governmental funds. The District's proportionate share of the CalPERS Miscellaneous Risk Pool Cost Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) is reflected as a net pension asset (NPA) in the District's financial statements. This is due to the amount of the District's proportionate share of the Plan's assets (Fiduciary Net Position) exceeds the District's proportionate share of Plan's Total Pension Liability.

14. Net Position/Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net invested in capital assets, restricted and unrestricted.

- *Net invested in capital assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, attributable to the acquisition, construction or improvement of these assets reduces the balance in this category.
- *Restricted (Endowment Principal-nonexpendable)* - This category represents the permanent fund principal that is legally restricted for the perpetual care of the cemetery. This portion of net position is considered “nonexpendable” and is required to be retained in perpetuity.
- *Restricted (Endowment Principal-expendable)* - This category represents the interest earned on the endowment care fees and is available for maintenance of the cemetery grounds.
- *Unrestricted* – This category represents net position of the District, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Fund balance classifications are described as follows:

- *Nonspendable* – Non-spendable fund balance consists of funds that are legally or contractually required to be maintained intact (endowment care).
- *Committed* – Amounts to be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees via a resolution. These self-imposed constraints must be set in place prior to the end of the fiscal year and can only be changed via resolution.
Committed fund balance at 6/30/23 consisted of \$20,500 to fund the imprest bank account and \$1,851,054 for funds invested with two brokerage firms. Committed fund balance at 6/30/22 consisted of \$20,500 to fund the imprest bank account and \$831,570 for funds invested with one brokerage firm.
- *Assigned* – Assigned fund balance includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
Assigned fund balance at 6/30/23 consisted of \$530,298 for future capital improvements and \$104,816 for interest earned from endowment principal investments. Assigned fund balance at 6/30/22 consisted of \$442,503 for future capital improvements and \$89,924 for interest earned from endowment investments.
- *Unassigned* – Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

15. Fund Balance Policy

The District Board of Trustees has not formally adopted a Fund Balance Policy. However, the District adheres to the requirements of GASB Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The District's spending priority applies to fund balance and revenue sources. In circumstances when multiple fund balance classifications are identified as a funding source, the use of fund balance will be applied in the following order:

1. Restricted
2. Committed
3. Assigned
4. Unassigned

16. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

17. Prior Period Adjustment

Customer funds from the depository bank account were not transferred to the Solano County Treasury account in a timely manner. A prior period adjustment was made to record the revenue amount of \$14,085 to the correct accounting period. This resulted in restating beginning net position at June 30, 2022 from \$6,735,469 to \$6,749,554 and beginning general fund balance at June 30, 2022 from \$2,343,108 to \$2,357,193.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Property Taxes

Solano County is responsible for assessing, collecting, and apportioning property taxes. Article XIII A of the California Constitution (Proposition 13) provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted upward by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from the tax levy among the counties, cities, school districts and other districts. Secured, unitary and supplemental property taxes are apportioned in advance of collection. Unsecured taxes are apportioned after collection.

The County uses the advance apportionment method for apportioning secured property taxes, commonly referred to as the Teeter Plan, as provided in the State Revenue and Taxation Code Sections 4701-4717. The District recognizes property taxes as revenue when the County distributes them.

B. GANN Appropriations Limit

In accordance with Article XIII B of the California Constitution, Special Districts are subject to the appropriations limit if the District was in existence on January 1, 1978, and the District’s tax levy for fiscal year 1977/78 was above 12 ½ cents per \$100 of assessed valuation. Vacaville-Elmira Cemetery District is not subject to the appropriations limit because the District’s tax levy for fiscal year 1977/78 was below 12 ½ cents per \$100 of assessed valuation.

III. DETAILED NOTES

A. Cash and Investments

The District’s cash and investments at June 30, 2023 were as follows:

	<u>General Fund</u>	<u>Permanent Fund</u>
Checking account	\$ 20,000	\$ -
Imprest account	500	-
Investments with fiscal agents	1,496,519	2,088,103
Cash and investments in the County Treasury	2,870,445	716,360
Total Cash and Investments	<u>4,387,464</u>	<u>2,804,463</u>

The District’s cash and investments at June 30, 2022 were as follows:

	<u>General Fund</u>	<u>Permanent Fund</u>
Checking account	\$ 20,000	\$ -
Imprest account	500	-
Investments with fiscal agents	512,626	2,094,250
Cash and investments in the County Treasury	3,495,516	622,118
Total Cash and Investments	<u>4,028,642</u>	<u>2,716,368</u>

1. Investment Policy

The District Board established an Investment Policy for the investments held by the brokerage. The policy includes authority to invest, objective, funds available for investment, investment authority, investing procedures, diversification requirements, surplus money, endowment care principal only, investment restrictions and required reports.

The District’s investment policy is summarized as follows:

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the objective of the Board of Trustees shall be to safeguard the principal of the funds, provide the necessary liquidity of the funds and achieve the best rate of return possible without affecting the safety and liquidity of the funds. All investments shall be made by the authority of the Board of Trustees as an agenda item at a regular or Special Board meeting.

Pursuant to California Public Health and Safety Code § 9066: The Trustees may invest and reinvest the principal of the endowment care fund in securities and obligations set forth in Section 53601 of the Government Code and those investments set forth in this section.

California Government Code Section 53601: The legislative body of a local agency having money in a sinking fund of, or surplus money in its treasury, not required for the immediate necessities of the local agency, may invest any portion of the money that it deems wise or expedient in those investments set forth in this section.

2. Investments Authorized by the California Government Code and the District’s Investment Policy

The tables below identify the investment types that are authorized for the Vacaville-Elmira Cemetery District by the California Government Code (or the District’s investment policy, where more restrictive).

ENDOWMENT CARE PRINCIPAL ONLY:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit (%)</u>	<u>Required Rating</u>
U.S. Treasury bills, notes bonds	30 years	100%	None
Corporation obligations	5 years	10%	AAA
City, county, municipal bonds	Unlimited	5%	None
State bonds	Unlimited	5%	None
Certificates of deposit (FDIC Insured) & Savings & Loan certificates (FSLIC insured) (Maximum \$100,000. per Institution)	Unlimited	30%	None
Local agency obligations	5 years	15%	None
Bank obligations (FNMA Insured)	5 years	15%	None
Bankers acceptances	270 days	5%	None
Commercial paper	180 days	15%	None
Purchase agreements	1 year	10%	None
Reverse repurchase agreements	92 days	20%	None
Corporate medium-term notes	5 years	30%	A+
Shares of beneficial Interest	5 years	15%	None
Mortgage pass-through securities	5 years	20%	A+
Money market mutual funds (Limited to 10% per mutual fund)	N/A		
Repurchase agreements	1 year	10%	None
Reverse repurchase agreements	92 days	20%	None
Corporation medium-term notes	5 years	30%	A+
Shares of beneficial interest	5 years	15%	None
Mortgage pass-through securities	5 years	20%	A+

SURPLUS MONEY (Endowment Care Interest, Capital Outlay Funds and Pre-Need Funds):

Authorized Investment Type	Maximum Maturity	Authorized Limit (%)	Required Rating
U.S. Treasury bills, notes bonds	5 years	100%	None
Corporation obligations	5 years	10%	AAA
City, county, municipal bonds	5 years	5%	None
State bonds	5 years	5%	None
Certificates of deposit (FDIC Insured) & Savings & Loan certificates (FSLIC insured) (Maximum \$100,000. per Institution)	5 years	30%	None
Local agency obligations	5 years	15%	None
Bank obligations (FNMA Insured)	5 years	5%	None
Bankers acceptances	270 days	5%	None
Commercial paper	180 days	15%	None

3. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to decline in fair values by following provisions of California Government Code § 53601, which limits maximum maturities to five years in most cases, unless the legislative body grants express authority to increase the maturity either specifically or as part of an investment program. Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following tables that show the distribution of the District’s investment maturity.

The fair value of the District’s investments as of June 30, 2023 is as follows:

Investment Type	Total Fair Value	Term to Maturity			
		12 Months or less	13 to 24 Months	25 to 60 Months	Greater than 60 Months
Solano County Investment Pool	\$ 3,586,805	\$ 3,586,805	\$ -	\$ -	\$ -
Corporate Notes	757,214	-	153,719	283,049	320,445
Fixed Income Muni	510,922	-	-	325,317	185,604
U.S. Treasury Index Notes	188,568	-	-	48,155	140,413
U.S. Agency Notes	210,637	-	-	-	210,639
Certificate of Deposit	983,718	199,654	-	584,690	199,374
Mutual Funds	738,158	738,158	-	-	-
Cash and Sweep Balances	215,905	215,905	-	-	-
Totals	\$ 7,191,927	\$ 4,740,522	\$ 153,719	\$ 1,241,211	\$ 1,056,475

Vacaville-Elmira Cemetery District of Solano County
Notes to the Basic Financial Statements for the Fiscal Years Ended June 30, 2023 and 2022

The fair value of the District’s investments as of June 30, 2022 is as follows:

Investment Type	Total Fair Value	Term to Maturity			
		12 Months or less	13 to 24 Months	25 to 60 Months	Greater than 60 Months
Solano County Investment Pool	\$ 4,117,634	\$ 4,117,634	\$ -	\$ -	\$ -
Corporate Notes	464,580	-	-	129,335	335,246
Government Bonds	78,225	-	-	49,772	28,453
Fixed Income Muni	598,270	-	-	326,056	272,214
U.S. Treasury Index Notes	49,860	-	-	49,860	-
U.S. Government Agency Notes	237,224	-	-	99,942	137,282
Certificate of Deposit	382,475	-	-	352,445	30,029
Mutual Funds	768,278	768,278	-	-	-
Cash and Sweep Balances	48,464	48,464	-	-	-
Totals	\$ 6,745,010	\$ 4,934,376	\$ -	\$ 1,007,410	\$ 803,224

4. Credit Risk

Credit risk is the risk of loss due to the failure or credit downgrade of an issuer or backer. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investment policy mitigates its exposure to credit risk by:

- Limiting purchases to “investment grade securities”; and
- Diversifying the portfolio so the failure or downgrade of an individual security will have a minimal impact on the portfolio as a whole.

At June 30, 2023, the District’s credit risks by investment type and amount are as follows:

Investment Type	Total Fair Values	Minimum Rating	Actual Ratings at Year-end						
			Aaa	Aa2	Aa3	A1	A2	A3	Not Rated
Solano County Investment Pool	\$ 3,586,805	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,586,805
Corporate Notes	757,214	A	-	62,756	98,442	283,721	240,473	71,822	-
Fixed Income Muni	510,922	N/A	188,926	13,280	-	-	270,944	37,772	-
U.S. Treasury Index Note	188,568	N/A	97,339	-	27,950	-	19,827	-	43,452
U.S. Government Agency Notes	210,637	N/A	-	-	71,739	-	138,898	-	-
Certificate of Deposit	983,718	N/A	-	-	-	-	-	-	983,718
Mutual Funds	738,158	N/A	-	-	-	-	-	-	738,158
Cash and Sweep Balances	215,905	N/A	-	-	-	-	-	-	215,905
Totals	\$ 7,191,927		\$ 286,265	\$ 76,036	\$ 198,131	\$ 283,721	\$ 670,142	\$ 109,594	\$ 5,568,038

At June 30, 2022, the District’s credit risks by investment type and amount are as follows:

Investment Type	Total Fair Values	Minimum Rating	Actual Ratings at Year-end						
			Aaa	Aa2	Aa3	A1	A2	A3	Not Rated
Solano County Investment Pool	\$ 4,117,634	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,117,634
Corporate Notes	464,580	A	-	64,609	100,017	82,701	143,979	73,274	-
Government Bonds	78,225	N/A	49,772	-	28,453	-	-	-	-
Fixed Income Muni	598,270	N/A	132,764	71,509	-	-	270,250	123,747	-
U.S. Treasury Index Note	49,860	N/A	49,860	-	-	-	-	-	-
U.S. Government Agency Notes	237,224	N/A	99,942	-	73,031	-	44,260	19,991	-
Certificate of Deposit	382,475	N/A	-	-	-	-	-	-	382,475
Mutual Funds	768,278	N/A	-	-	-	-	-	-	768,278
Cash and Sweep Balances	48,464	N/A	-	-	-	-	-	-	48,464
Totals	\$ 6,745,010		\$ 332,338	\$ 136,118	\$ 201,501	\$ 82,701	\$ 458,489	\$ 217,012	\$ 5,316,851

5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023 and June 30, 2022, the District held no deposits with a depository financial institution meeting the above referenced requirements.

6. Fair Value Measurements

Fair value measurements are categorized based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, including matrix pricing models; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2023:

Investment Type	Total Fair Value	Level 1	Level 2	Level 3
Corporate Notes	\$ 757,214	\$ -	\$ 757,214	\$ -
Government Bonds	721,559	-	721,559	-
U.S. Treasury Index Notes	188,568	-	188,568	-
Certificate of Deposit	983,718	-	983,718	-
Mutual Funds	738,158	-	738,158	-
	3,389,217	\$ -	\$3,389,217	\$ -
Uncategorized:				
Solano County Investment Pool	3,586,805			
Cash & Sweep Balances	215,905			
Total Uncategorized	3,802,710			
Total investment portfolio	\$ 7,191,927			

The District has the following fair value measurements as of June 30, 2022:

Investment Type	Total			
	Fair Value	Level 1	Level 2	Level 3
Corporate Notes	\$ 464,581	\$ -	\$ 464,581	\$ -
Government Bonds	676,495	-	676,495	-
U.S. Government Agency Notes	237,224	-	237,224	-
U.S. Treasury Index Notes	49,859	-	49,859	-
Certificate of Deposit	382,475	-	382,475	-
Mutual Funds	768,278	-	768,278	-
	<u>2,578,912</u>	<u>\$ -</u>	<u>\$2,578,912</u>	<u>\$ -</u>
Uncategorized:				
Solano County Investment Pool	4,117,634			
Cash & Sweep Balances	48,464			
Total Uncategorized	<u>4,166,098</u>			
Total investment portfolio	<u>\$ 6,745,010</u>			

B. Capital Assets

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

Governmental activities	Beginning Balance	Additions	Retirements and Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 661,575	\$ -	\$ -	\$ 661,575
Total capital assets not being depreciated	<u>661,575</u>	<u>-</u>	<u>-</u>	<u>661,575</u>
Capital assets being depreciated:				
Infrastructure	350,682	-	-	350,682
Structures and improvements	2,225,862			2,225,862
Equipment	290,340	253,128	(80,211)	463,257
Intangibles	17,500	-	-	17,500
Total capital assets being depreciated	<u>2,884,384</u>	<u>253,128</u>	<u>(80,211)</u>	<u>3,057,301</u>
Less accumulated depreciation for:				
Infrastructure	(174,576)	(570)	-	(175,146)
Structures and improvements	(1,127,385)	(117,153)	(356)	(1,244,894)
Equipment	(159,039)	59,362		(99,677)
Intangibles	(4,230)	(1,749)		(5,979)
Total accumulated depreciation	<u>(1,465,230)</u>	<u>(60,110)</u>	<u>(356)</u>	<u>(1,525,696)</u>
Total capital assets being depreciated, net	<u>1,419,154</u>	<u>193,018</u>	<u>(80,567)</u>	<u>1,531,605</u>
Governmental activities capital assets, net	<u>\$ 2,080,729</u>	<u>\$ 193,018</u>	<u>\$ (80,567)</u>	<u>\$ 2,193,180</u>

Vacaville-Elmira Cemetery District of Solano County
Notes to the Basic Financial Statements for the Fiscal Years Ended June 30, 2023 and 2022

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

Governmental activities	Beginning Balance	Additions	Retirements and Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 661,575	\$ -	\$ -	\$ 661,575
Total capital assets not being depreciated	<u>661,575</u>	<u>-</u>	<u>-</u>	<u>661,575</u>
Capital assets being depreciated:				
Infrastructure	350,682	-	-	350,682
Structures and improvements	2,198,352	27,510	-	2,225,862
Equipment	275,372	14,968	-	290,340
Intangibles	17,500	-	-	17,500
Total capital assets being depreciated	<u>2,841,906</u>	<u>42,478</u>	<u>-</u>	<u>2,884,384</u>
Less accumulated depreciation for:				
Infrastructure	(173,892)	(684)	-	(174,576)
Structures and improvements	(1,010,989)	(116,040)	(356)	(1,127,385)
Equipment	(140,844)	(18,195)	-	(159,039)
Intangibles	(2,479)	(1,751)	-	(4,230)
Total accumulated depreciation	<u>(1,328,204)</u>	<u>(136,670)</u>	<u>(356)</u>	<u>(1,465,230)</u>
Total capital assets being depreciated, net	<u>1,513,702</u>	<u>(94,192)</u>	<u>(356)</u>	<u>1,419,154</u>
Governmental activities capital assets, net	<u>\$ 2,175,277</u>	<u>\$ (94,192)</u>	<u>\$ (356)</u>	<u>\$ 2,080,729</u>

C. Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	\$ 287,815	\$ 475,659	\$ 75,106	\$ 688,368	\$ -
Compensated Absences	81,891	45,020	38,526	88,385	19,263
Total long-term liabilities	<u>\$ 369,706</u>	<u>\$ 520,679</u>	<u>\$ 113,632</u>	<u>\$ 776,753</u>	<u>\$ 19,263</u>

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	\$ 566,717	\$ -	\$ 278,902	\$ 287,815	\$ -
Compensated Absences	69,870	41,477	29,456	81,891	14,728
Total long-term liabilities	<u>\$ 636,587</u>	<u>\$ 41,477</u>	<u>\$ 308,358</u>	<u>\$ 369,706</u>	<u>\$ 14,728</u>

IV. OTHER INFORMATION

A. 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; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including general liability, business automobile liability, property, errors and omissions, pollution liability, fraud, workers' compensation and employee health and accident insurance.

B. Defined Benefit Pension Plan

1. Plan Description

The District's defined benefit plan, the Vacaville-Elmira Cemetery District's Miscellaneous Plan, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The District's Miscellaneous Plan is part of the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found at the CalPERS website.

2. Allocation of Net Pension Asset/Liability and Pension Expense to Individual Plans

Since the District's plan has less than 100 active members it is required to participate in a risk pool. A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension asset/liability and pension expense to the individual employers within the risk pool. The allocation method utilized by CalPERS determines the employer's share by reflecting the various relationships of the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available. Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at the CalPERS' website.

3. Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members (public employees) and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment and the final average compensation period of three years. All members are eligible for non-industrial disability benefits depending on years of service. The pre-retirement death benefit is Optional Settlement 2W benefit and the post-retirement death benefit is a lump sum payment of \$500. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The California Public Employees’ Pension Reform Act of 2012 (PEPRA) legislation closed the District’s CalPERS Miscellaneous 2% at 60 Risk Pool Retirement Plan (Classic Plan) to all new employee entrants, not previously employed by an agency under CalPERS. All employees hired on or after January 1, 2013 are eligible for the District’s CalPERS Miscellaneous 2% at 62 Retirement Plan under PEPRA.

The Plan’s provisions and benefits in effect June 30, 2023 are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-62
Monthly benefits, as a % of eligible	1.092%-2%	1%-2%
Required employer contribution rates	8.63%	7.47%
Required employee contribution rates	7.00%	6.75%

The Plan’s provisions and benefits in effect June 30, 2022 are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-62
Monthly benefits, as a % of eligible	1.092%-2%	1%-2%
Required employer contribution rates	8.65%	7.59%
Required employee contribution rates	7.00%	6.75%

4. Employees Covered

On June 30, 2023, the following employees were covered by the benefit terms for the District’s Miscellaneous and PEPRA Plans:

- Active employees 6
- Retired employees 9

On June 30, 2022, the following employees were covered by the benefit terms for the District’s Miscellaneous and PEPRA Plans:

- Active employees 6
- Retired employees 9

5. 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. Funding contributions for the District’s Miscellaneous Plans 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.

For the fiscal years ended June 30, 2023 and 2022, the contributions recognized as part of pension expense for the combined plans were \$82,181 and \$75,106, respectively.

6. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023 & 2022 the District reported a net pension liability for its proportionate share of the collective net pension liability of the Plan in the amount of \$688,368 and \$287,815, respectively. The collective net pension liability for the Plan was measured as of June 30, 2022 and June 30, 2021. and the total pension liability for each Plan used to calculate the net pension liability was determined by using actuarial valuations as of June 30, 2021 and June 30, 2020 rolled forward 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 plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2023 and 2022, the District’s proportionate share of the collective net pension liability was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.00532%
Proportion - June 30, 2023	<u>0.00596%</u>
Change - Increase/(Decrease)	<u><u>0.00064%</u></u>
	<u>Miscellaneous</u>
Proportion - June 30, 2021	0.00521%
Proportion - June 30, 2022	<u>0.00532%</u>
Change - Increase/(Decrease)	<u><u>0.00011%</u></u>

The District recognized total pension expense of \$49,428 and total pension income of \$48,838 for the fiscal years ended June 30, 2023 and 2022, respectively.

On 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
Difference between expected and actual experience	\$ 13,823	\$ (9,259)
Changes of assumptions	70,538	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	(46,006)
Change in employer's proportion	37,411	-
Net difference between projected and actual earnings on plan investments	126,091	-
Pension contributions subsequent to measurement date	82,181	-
	<u>\$ 330,044</u>	<u>\$ (55,265)</u>

On June 30, 2022, 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
Difference between expected and actual experience	\$ 32,275	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	(42,560)
Change in employer's proportion	27,899	-
Net difference between projected and actual earnings on plan investments	-	(251,247)
Pension contributions subsequent to measurement date	75,106	-
Total	<u>\$ 135,280</u>	<u>(293,807)</u>

On June 30, 2023 and 2022, the amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the years ended June 30, 2024 and June 30, 2023, respectively.

On June 30, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as shown in the following table:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ 46,593
2025	43,684
2026	25,200
2027	77,121
2028	-
Thereafter	-

On June 30, 2022, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown in the following table:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ (52,978)
2024	(54,058)
2025	(57,165)
2026	(69,432)
2027	-
Thereafter	-

7. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
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
Mortality Rate Table	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

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The underlying mortality assumptions and all other actuarial assumptions used were based on the results of an Actuarial Experience Study. Further details of the CalPERS Experience Study and Review of the Actuarial Assumptions Report can be found on the CalPERS website.

8. Long-term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

As of June 30, 2023, the expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global Equity-Cap-weighted	30.0%	4.54%
Global Equity-Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage-backed Securities	5.0%	50.00%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

¹An expected inflation of 2.30% used for this period

² Figures are based on the 2021-22 Asset Liability Management study.

As of June 30, 2022, the expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

¹An expected inflation of 2.00% used for this period

²An expected inflation of 2.92% used for this period

9. Discount Rate

The discount rates used to measure the total pension liability as of June 30, 2023 and June 30, 2022 were 6.90% and 7.15%, respectively. 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.

10. Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District’s Plan, calculated using the current discount rate for the Plan, as well as what the District’s 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		
	5.90% (1% Decrease)	6.90% (Current Rate)	7.90% (1% Increase)
Measurement Date	6/30/2022		
Fiscal Year End	6/30/2023		
Net Pension Liability	\$ 1,073,459	\$ 688,368	\$ 371,533

	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
Measurement Date	6/30/2021		
Fiscal Year End	6/30/2022		
Net Pension Liability	\$ 639,714	\$ 287,815	\$ (3,094)

Pension Plan Fiduciary Net Position

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

REQUIRED SUPPLEMENTARY INFORMATION

Vacaville-Elmira Cemetery District
 Required Supplementary Information
 Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios
 Last 10 Years

Measurement Date	2023 June 30, 2020	2022 June 30, 2020	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Plan's Proportion of Net Pension Liability	0.00596%	0.00532%	0.00521%	0.00504%	0.00479%	0.00475%	0.00454%	0.00394%	0.00502%
Plan's Proportionate Share of the Net Pension Liability	\$ 688,368	\$ 287,815	\$ 566,717	\$ 516,034	\$ 461,690	\$ 470,817	\$ 393,150	\$ 270,269	\$ 312,412
Plan's Covered-Employee Payroll	\$ 365,578	\$ 359,155	\$ 332,456	\$ 334,486	\$ 355,536	\$ 339,066	\$ 329,067	\$ 318,971	\$ 406,649
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	188.30%	80.14%	170.46%	154.28%	126.86%	138.86%	119.47%	87.73%	76.83%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	82.15%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 110,826	\$ 93,509	\$ 89,141	\$ 78,548	\$ 68,179	\$ 65,330	\$ 59,187	\$ 51,240	\$ 38,874

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

Vacaville-Elmira Cemetery District
 Required Supplementary Information
 Schedule of District Plan Contributions
 Miscellaneous Plan

Reporting Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially Determined Contribution	\$ 82,181	\$ 75,106	\$ 65,626	\$ 55,282	\$ 49,220	\$ 42,282	\$ 37,105	\$ 33,195	\$ 26,955
Contributions in Relation to the Actuarially Determined Contribution	(82,181)	(75,106)	(65,626)	(55,282)	(49,220)	(42,282)	(37,105)	(33,195)	(26,955)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 403,035	\$ 365,578	\$ 359,155	\$ 332,456	\$ 334,486	\$ 355,536	\$ 339,066	\$ 329,067	\$ 318,971
Contributions as a Percentage of Covered Payroll	20.39%	20.54%	18.27%	16.63%	14.72%	11.89%	10.94%	10.09%	8.45%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

Vacaville-Elmira Cemetery District
Required Supplementary Information
Budget Comparison Schedule
General Fund
For the fiscal year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 862,150	862,150	967,212	\$ 105,062
Charges for services	365,000	365,000	557,851	192,851
Interest income	8,000	8,000	80,402	72,402
Decrease in fair value of investments	-	-	(16,107)	(16,107)
Miscellaneous	1,667	1,667	5,257	3,590
Total revenues	<u>1,236,817</u>	<u>1,236,817</u>	<u>1,594,615</u>	<u>357,798</u>
Expenditures				
Employee services	681,800	731,800	735,748	(3,948)
Professional & specialized services	75,500	75,500	55,577	19,923
Cemetery supplies	55,000	55,000	53,398	1,602
Maintenance	57,500	47,500	31,948	15,552
Household expense	25,000	25,000	23,040	1,960
Rents & leases	1,000	11,000	22,781	(11,781)
Insurance	15,000	15,000	15,053	(53)
Supplies	13,000	13,000	11,884	1,116
Transportation & travel	15,700	20,200	11,078	9,122
Utilities	19,800	19,800	6,379	13,421
Special district expense	13,000	13,000	6,241	6,759
Memberships	10,000	10,000	5,473	4,527
Small tools & instruments	3,000	3,000	2,036	964
Property tax refunds	900	900	1,944	(1,044)
Communication	2,500	2,500	1,790	710
Non-capitalized equipment	4,500	4,500	1,276	3,224
Miscellaneous	850	1,350	882	468
Capital outlay	65,000	313,128	253,128	60,000
Total expenditures	<u>1,059,050</u>	<u>1,362,178</u>	<u>1,239,656</u>	<u>122,522</u>
Excess/(deficiency) of revenues under expenditures over/(under) expenditures	177,767	(125,361)	354,959	480,320
Other Financing Sources				
Proceeds from sale of capital assets	-	-	14,000	14,000
Change in fund balance	177,767	(125,361)	368,959	494,320
Fund balance - beginning	2,825,834	2,825,834	2,825,834	-
Fund balance - ending	<u>\$ 3,003,601</u>	<u>\$ 2,700,473</u>	<u>\$ 3,194,793</u>	<u>\$ 494,320</u>

The notes to the required supplementary information are an integral part of this statement.

Vacaville-Elmira Cemetery District
Required Supplementary Information
Budget Comparison Schedule
General Fund
For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Property taxes	\$ 766,150	766,150	981,079	\$ 214,929
Charges for services	320,000	320,000	525,743	205,743
Interest income	18,000	18,000	10,407	(7,593)
Decrease in fair value of investments	-	-	(34,948)	(34,948)
Miscellaneous	273	273	2,035	1,762
Total revenues	<u>1,104,423</u>	<u>1,104,423</u>	<u>1,484,316</u>	<u>379,893</u>
Expenditures				
Employee services	638,800	638,800	638,057	743
Professional & specialized services	160,500	160,500	150,230	10,270
Maintenance	42,000	57,700	51,780	5,920
Cemetery supplies	55,000	55,000	49,219	5,781
Household expense	18,000	18,000	21,289	(3,289)
Insurance	14,000	14,000	13,895	105
Transportation & travel	16,350	16,350	11,794	4,556
Memberships	4,500	4,500	8,881	(4,381)
Supplies	13,800	13,800	7,254	6,546
Utilities	19,500	19,500	5,359	14,141
Non-capitalized equipment	4,500	4,500	4,456	44
Special district expense	15,000	15,000	3,863	11,137
Small tools & instruments	2,500	2,500	2,499	1
Communication	2,500	2,500	2,197	303
Property tax refunds	1,000	1,000	964	36
Rents & leases	1,500	1,500	512	988
Miscellaneous	400	400	948	(548)
Capital outlay	48,000	61,867	42,478	19,389
Total expenditures	<u>1,057,850</u>	<u>1,087,417</u>	<u>1,015,675</u>	<u>71,742</u>
Excess of revenues over expenditures	46,573	17,006	468,641	451,635
Fund balance - beginning	2,343,108	2,343,108	2,343,108	-
Prior period adjustment	-	-	14,085	14,085
Fund balance - beginning, restated	<u>2,343,108</u>	<u>2,343,108</u>	<u>2,357,193</u>	<u>465,720</u>
Fund balance - ending	<u>\$ 2,389,681</u>	<u>\$ 2,360,114</u>	<u>\$ 2,825,834</u>	<u>\$ 465,720</u>

The notes to the required supplementary information are an integral part of this statement.

Vacaville-Elmira Cemetery District of Solano County
Notes to Required Supplementary Information
For the fiscal years ended June 30, 2023 and 2022

Budgetary Information

Pursuant to Health and Safety Code Section 9070, on or before August 30 of each year, the District Board of Trustees shall prepare and legally adopt a final budget which shall conform to the accounting and budgeting procedures for Special Districts contained in the California Code of Regulations. The final budget shall establish its appropriations limit pursuant to Division 9 of the Government Code. All annual appropriations lapse at fiscal year-end.

An operating budget prepared on a modified accrual basis is adopted and approved by the Board of Trustees each fiscal year for the general fund. In order to accommodate operational changes that may result during a budget year, management can modify between line items of a budget, but cannot modify budget totals without a Board resolution.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Trustees.