

**DAVIS CEMETERY DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2023
(With Comparative Information as of June 30, 2022)**

NIGRO & NIGRO^{PC}

DAVIS CEMETERY DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Davis Cemetery District
Davis, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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; 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.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Pension Contributions 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated April 11, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Walnut Creek, California
April 11, 2025

DAVIS CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2023

Management's Discussion and Analysis (MD&A) offers readers of Davis Cemetery District's financial statements a narrative overview of the District's financial activities for the fiscal years ended June 30, 2023 and 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

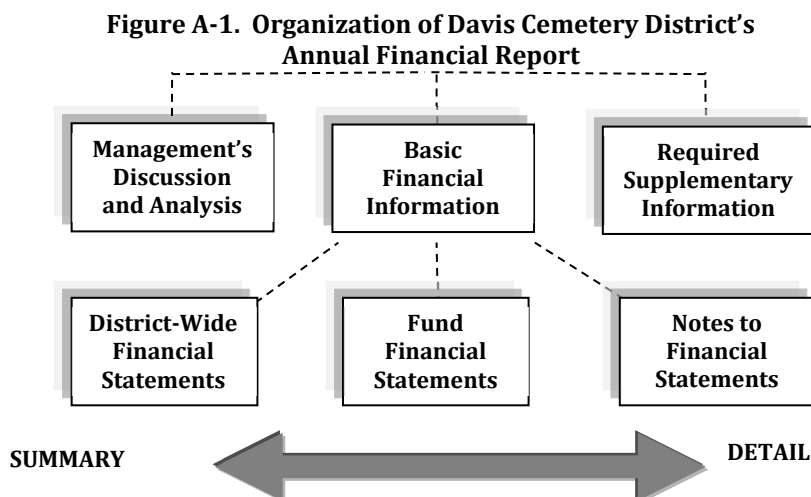
- The District's net position increased 3.05% or \$92,345 as a result of this year's operations.
- Total revenues from all sources increased by 7.73%, or \$66,267 from \$857,273 to \$923,540, from the prior year, primarily due to an increase in investment earnings in the current fiscal year.
- Total expenses for the District's operations increased by 14.43% or \$104,816 from \$726,379 to \$831,195, from the prior year, primarily due to a increase in Facilities expenses.
- The District purchased no new capital assets during the year. Depreciation expense was \$62,674.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



DAVIS CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as cemetery program services
<i>Required financial statements</i>	<ul style="list-style-type: none">• Statement of Net Position• Statement of Activities	<ul style="list-style-type: none">• Balance Sheet• Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

DAVIS CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as burial interment services and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

DAVIS CEMETERY DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Fiscal Years Ended June 30, 2023***FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION****Analysis of Net Position****Table A-1: Condensed Statement of Net Position**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,503,357	\$ 1,371,746	\$ 131,611
Restricted assets	1,594,360	1,510,406	83,954
Capital assets, net	<u>612,138</u>	<u>674,812</u>	<u>(62,674)</u>
Total assets	<u>3,709,855</u>	<u>3,556,964</u>	<u>152,891</u>
Deferred outflows of resources	<u>113,484</u>	<u>73,535</u>	<u>39,949</u>
Liabilities:			
Current liabilities	549,962	492,880	57,082
Non-current liabilities	<u>154,609</u>	<u>60,480</u>	<u>94,129</u>
Total liabilities	<u>704,571</u>	<u>553,360</u>	<u>151,211</u>
Deferred inflows of resources	<u>2,079</u>	<u>52,795</u>	<u>(50,716)</u>
Net position:			
Investment in capital assets	612,138	674,812	(62,674)
Restricted	1,537,710	1,510,406	27,304
Unrestricted	<u>966,841</u>	<u>839,126</u>	<u>127,715</u>
Total net position	<u>\$ 3,116,689</u>	<u>\$ 3,024,344</u>	<u>\$ 92,345</u>

At the end of fiscal year 2023, the District shows a positive balance in its unrestricted net position of \$966,841. The decrease in the investment in capital assets represents the amount of depreciation expense over capital asset additions. The restricted assets increased because of the investment earnings from their fair-value change. Unrestricted net position increased because the District's General Fund revenues exceeded expenses for the fiscal year 2023.

DAVIS CEMETERY DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Fiscal Years Ended June 30, 2023***FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)****Analysis of Revenues and Expenses****Table A-2: Condensed Statements of Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Program revenues	\$ 451,324	\$ 554,575	\$ (103,251)
Expenses	<u>(831,196)</u>	<u>(726,379)</u>	<u>(104,817)</u>
Net program expense	(379,872)	(171,804)	(208,068)
General revenues	<u>472,217</u>	<u>302,698</u>	<u>169,519</u>
Change in net position	92,345	130,894	(38,549)
Net position:			
Beginning of year	<u>3,024,344</u>	<u>2,893,450</u>	<u>130,894</u>
End of year	<u><u>\$ 3,116,689</u></u>	<u><u>\$ 3,024,344</u></u>	<u><u>\$ 92,345</u></u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased by \$92,345.

Table A-3: Total Revenues

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 394,674	\$ 489,075	\$ (94,401)
Endowment care fees	<u>56,650</u>	<u>65,500</u>	<u>(8,850)</u>
Total program revenues	<u>451,324</u>	<u>554,575</u>	<u>(103,251)</u>
General revenues:			
Property taxes	341,499	321,585	19,914
Redevelopment taxes	40,008	36,814	3,194
Investment earnings	49,518	(73,829)	123,347
Other Income	<u>41,192</u>	<u>18,128</u>	<u>23,064</u>
Total general revenues	<u>472,217</u>	<u>302,698</u>	<u>169,519</u>
Total revenues	<u><u>\$ 923,541</u></u>	<u><u>\$ 857,273</u></u>	<u><u>\$ 66,268</u></u>

Total revenues from all sources increased by 7.73%, or \$66,267 from \$857,273 to \$923,540, from the prior year, primarily due to an increase in investment earnings in the current fiscal year.

DAVIS CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2023

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 377,036	\$ 359,414	\$ 17,622
Employee benefits	173,238	147,187	26,051
Facilities	128,323	90,813	37,510
Materials and services	89,925	67,579	22,346
Depreciation expense	<u>62,674</u>	<u>61,386</u>	<u>1,288</u>
Total expenses	<u>\$ 831,196</u>	<u>\$ 726,379</u>	<u>\$ 104,817</u>

Total expenses for the District's operations increased by 14.43% or \$104,816 from \$726,379 to \$831,195, from the prior year, primarily due to a increase in Facilities expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$2,556,591, which is more than last year's ending fund balance of \$2,399,804. The primary cause of the increased fund balance is due to continued strong revenues over necessary expenditures.

General Fund Budgetary Highlights

The final budgeted expenditures for the District at year-end were \$9,259 more than actual. The variance is principally due to an increase in materials and services more than budgeted. Actual revenues were greater than the anticipated budget by \$41,866, primarily because of increased property taxes revenues.

DAVIS CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had not invested in new capital assets. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$62,674.

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance	Balance
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Capital assets:		
Non-depreciable assets	\$ 100,634	\$ 100,634
Depreciable assets	1,529,454	1,595,039
Accumulated depreciation	<u>(1,017,950)</u>	<u>(1,020,861)</u>
Total capital assets, net	<u><u>\$ 612,138</u></u>	<u><u>\$ 674,812</u></u>

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District Superintendent at the Davis Cemetery District, 820 Pole Line Rd., Davis, California 95618.

DAVIS CEMETERY DISTRICT*Statements of Net Position**June 30, 2023 (With Comparative Information as of June 30, 2022)*

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and investments (note 2)	\$ 1,490,329	\$ 1,362,169
Property taxes receivable	900	2,697
Inventory	10,510	5,364
Prepaid items	1,618	1,516
Total current assets	1,503,357	1,371,746
Non-current assets:		
Restricted:		
Cash and investments (note 2 and 3)	1,594,360	1,510,406
Capital assets – not being depreciated (note 4)	100,634	100,634
Capital assets, net – being depreciated (note 4)	511,504	574,178
Total non-current assets	2,206,498	2,185,218
Total assets	3,709,855	3,556,964
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (note 6)	113,484	73,535
Total deferred outflows of resources	113,484	73,535
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	26,912	29,709
Unearned revenue	514,514	452,639
Compensated absences (note 5)	8,536	10,532
Total current liabilities	549,962	492,880
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Net pension liability (note 6)	154,609	60,480
Total noncurrent liabilities	154,609	60,480
Total liabilities	704,571	553,360
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (note 6)	2,079	52,795
Total deferred inflows of resources	2,079	52,795
<u>NET POSITION</u>		
Investment in capital assets	612,138	674,812
Restricted: (note 3)		
Nonexpendable – endowment principal	1,045,583	1,045,583
Expendable – endowment care – maintenance and operations	492,127	464,823
Unrestricted	966,841	839,126
Total net position	\$ 3,116,689	\$ 3,024,344

DAVIS CEMETERY DISTRICT*Statements of Activities**For the Fiscal Years Ended June 30, 2023**(With Comparative Information as of June 30, 2022)*

	Governmental Activities	
	2023	2022
Expenses:		
Cemetery operations:		
Salaries and wages	\$ 377,036	\$ 359,414
Employee benefits	173,238	147,187
Facilities	128,323	90,813
Materials and services	89,925	67,579
Depreciation expense	62,674	61,386
Total expenses	831,196	726,379
Program revenues:		
Charges for services:		
Interment space sales, interment services and other sales	394,674	489,075
Endowment care fees	56,650	65,500
Total program revenues	451,324	554,575
Net program expense	(379,872)	(171,804)
General revenues:		
Property taxes	341,499	321,585
Redevelopment taxes	40,008	36,814
Investment earnings	49,518	(73,829)
Other income	41,192	18,128
Total general revenues	472,217	302,698
Change in net position	92,345	130,894
Net position:		
Beginning of year	3,024,344	2,893,450
End of year	<u>\$ 3,116,689</u>	<u>\$ 3,024,344</u>

DAVIS CEMETERY DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023*

		Permanent Fund	Total Governmental Funds
<u>ASSETS</u>	<u>General Fund</u>	<u>Endowment Care</u>	
Assets:			
Cash and investments	\$ 1,490,329	\$ -	\$ 1,490,329
Property taxes receivable	900	-	900
Restricted:			
Cash and investments	-	1,594,360	1,594,360
Materials and supplies – inventory	10,510	-	10,510
Prepaid items	1,618	-	1,618
Total assets	<u>\$ 1,503,357</u>	<u>\$ 1,594,360</u>	<u>\$ 3,097,717</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 26,912	\$ -	\$ 26,912
Unearned Revenue	514,514	-	514,514
Total liabilities	<u>541,426</u>	<u>-</u>	<u>541,426</u>
Fund balance: (note 7)			
Nonspendable	12,128	-	12,128
Restricted	-	1,594,360	1,594,360
Committed	159,444	-	159,444
Assigned	8,536	-	8,536
Unassigned	781,823	-	781,823
Total fund balance	<u>961,931</u>	<u>1,594,360</u>	<u>2,556,291</u>
Total liabilities and fund balance	<u>\$ 1,503,357</u>	<u>\$ 1,594,360</u>	<u>\$ 3,097,717</u>

DAVIS CEMETERY DISTRICT***Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023***

Fund Balance of Governmental Funds	<u>\$ 2,556,291</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	612,138
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	113,484
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(8,536)
Net pension liability	(154,609)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(2,079)</u>
Total adjustments	<u>560,398</u>
Net Position of Governmental Activities	<u><u>\$ 3,116,689</u></u>

DAVIS CEMETERY DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023*

	General Fund	Permanent Fund Endowment Care	Total Governmental Funds
Revenues:			
Property taxes	\$ 341,499	\$ -	\$ 341,499
Redevelopment taxes	40,008	-	40,008
Charges for services	394,674	-	394,674
Endowment care fees	-	56,650	56,650
Investment earnings	22,214	27,304	49,518
Other income	41,192	-	41,192
Total revenues	839,587	83,954	923,541
Expenditures:			
Current operations:			
Salaries and wages	379,032	-	379,032
Employee benefits	169,774	-	169,774
Facilities	128,323	-	128,323
Materials and services	89,925	-	89,925
Capital outlay	-	-	-
Total expenditures	767,054	-	767,054
Excess of revenues over (under) expenditures	72,533	83,954	156,487
Fund Balance:			
Beginning of year	889,398	1,510,406	2,399,804
End of year	<u>\$ 961,931</u>	<u>\$ 1,594,360</u>	<u>\$ 2,556,291</u>

DAVIS CEMETERY DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balance – Governmental Funds	<u>\$ 156,487</u>
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Amount reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	-
Depreciation expense	(62,674)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:

Net change in compensated absences	1,996
Net change in net pension liability and related deferred resources	<u>(3,464)</u>

Total adjustments	<u>(64,142)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 92,345</u></u>
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DAVIS CEMETERY DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The District was organized on August 7, 1922, under the provisions of General Law statutes of 1921, Chapter 652, p. 1103. Sections 8890 through 9309 of the Health and Safety Code of the State of California govern the District.

The District is located in the County of Yolo surrounded by the City of Davis. A local Board of Trustees consisting of five members governs the District. As provided in the California Health and Safety Code, Section 9021, trustee appointments are approved by the Yolo County Board of Supervisors for four-year terms.

The District's specific powers and responsibilities, as set-forth in Section 7, Part 4, Division 8, of the Health and Safety Code are summarized as follows:

- Maintain a cemetery limited in use to the burial of residents and taxpayers of the District.
- Establish rates charged for burials within the cemetery.
- Require deposits into an endowment fund that are sufficient to generate income that can be used to maintain the cemetery.
- Contract with the County for the burial of indigents.
- Purchase and erect markers for indigent persons buried in the cemetery.
- Maintain an up-to-date plot/lot map.
- Maintain other required information on all persons buried in the cemetery.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. 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) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for charges for services, property taxes, and investment earnings. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Trustees.

Endowment Care Fund: This fund is used to account for financial resources to be used for maintenance and operations of the Cemetery. The resources are derived from an endowment care fee collected with the sale of interment spaces. Resources are restricted to the extent that only investment earnings, not endowment principal, may be used for purposes that support the District's maintenance and operations programs.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

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 flows take place. Nonexchange 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Budgetary Data

The District follows these procedures in establishing budgetary date reflected in the Required Supplementary Information – Budgetary Comparison Schedule:

The District Manager submits to the Board of Trustees a proposed operating budget at the May Board meeting for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget. The General Fund is the only fund for which an annual budget is legally adopted on a basis consistent with the modified accrual basis of accounting. The Board then considers the proposed budget at its regular meeting in June, which is open to the public. The budget represented in the required supplementary information was the final budget for the fiscal year.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and Improvements	10-50 years
Furniture and Equipment	3-10 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

DAVIS CEMETERY DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plans 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.

7. Net Position

Net position is classified into three components: investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

DAVIS CEMETERY DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances

The fund balance for governmental funds is reported in classifications based 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.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

9. Reclassifications

The District has reclassified certain prior year information to conform with current year presentation.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 of revenues and expenditures during the reported period. Actual results could differ from those estimates.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Yolo Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Yolo Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, were classified on the statement of net position as follows:

<u>Description</u>	<u>June 30, 2023</u>
Cash and investments	\$ 1,490,329
Restricted cash and investments	<u>1,594,360</u>
Total cash and investments	<u>\$ 3,084,689</u>

Cash and investments at June 30, were reported at fair value and consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Cash on hand	\$ 500
Deposits with Yolo County Treasury Investment Pool (YCTIP)	<u>3,084,189</u>
Total cash and investments	<u>\$ 3,084,689</u>

Yolo County Treasury Investment Pool (YCTIP)

The District maintains substantially all of its cash in the Yolo County Treasury. Yolo County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, as of June 30, 2023, respectively, the Yolo County Treasurer represented that the YCTIP contained no derivatives or other investments with similar risk profiles.

YCTIP is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the YCTIP a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held \$3,084,189, respectively, in the YCTIP.

DAVIS CEMETERY DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs in the following tables.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest Rate Risk

Interest rate risk is the risk that the changes in financial market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Custodial Credit Risk – Investments

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 Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 3 – RESTRICTED ASSETS

Restricted assets at June 30, 2023, were categorized as follows:

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Restricted assets:		
Cash and investments	\$ 1,594,360	\$ 1,510,406
Total restricted assets	<u>\$ 1,594,360</u>	<u>\$ 1,510,406</u>
Restricted net position:		
Nonexpendable – endowment principal	\$ 1,102,233	\$ 1,045,583
Expendable – capital asset replacement	492,127	464,823
Total restricted net position	<u>\$ 1,594,360</u>	<u>\$ 1,510,406</u>

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023, were as follows:

	<u>Balance July 1, 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-depreciable capital assets:				
Land	\$ 100,634	\$ -	\$ -	\$ 100,634
Total non-depreciable capital assets	<u>100,634</u>	<u>-</u>	<u>-</u>	<u>100,634</u>
Depreciable capital assets:				
Buildings and improvements	545,197	-	-	545,197
Property Improvements	699,042	-	-	699,042
Equipment	310,619	-	(65,585)	245,034
Software	40,181	-	-	40,181
Total depreciable capital assets	<u>1,595,039</u>	<u>-</u>	<u>(65,585)</u>	<u>1,529,454</u>
Less accumulated depreciation				
Buildings and improvements	(343,396)	(20,683)	-	(364,079)
Property Improvements	(413,529)	(25,153)	-	(438,682)
Equipment	(244,235)	(13,378)	65,585	(192,028)
Software	(19,701)	(3,460)	-	(23,161)
Total accumulated depreciation	<u>(1,020,861)</u>	<u>(62,674)</u>	<u>65,585</u>	<u>(1,017,950)</u>
Total depreciable capital assets, net	<u>574,178</u>	<u>(62,674)</u>	<u>-</u>	<u>511,504</u>
Total capital assets, net	<u>\$ 674,812</u>	<u>\$ (62,674)</u>	<u>\$ -</u>	<u>\$ 612,138</u>

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 5 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2023, were as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
\$ 10,532	\$ 9,095	\$ (11,091)	\$ 8,536

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>
Pension related deferred outflows	\$ 113,484
Net pension liability	154,609
Pension related deferred inflows	2,079

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 63 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – FY 2022	8.650%	7.470%
Required employer contribution rates – FY 2021	8.794%	7.590%

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2023, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Active members	3	3	6
Transferred and terminated members	1	2	3
Retired members and beneficiaries	2	-	2
Total plan members	6	5	11

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based on the average final 36 months of compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based on the average final 36 months of compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 6.90% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2023 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

Contributions for the year ended June 30, 2023, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 28,502	\$ 13,709	\$ 42,211
Contributions – members	15,149	9,930	25,079
Total contributions	\$ 43,651	\$ 23,639	\$ 67,290

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 616,906	\$ 556,426	\$ 60,480
Balance as of June 30, 2022 (Measurement Date)	\$ 716,427	\$ 561,818	\$ 154,609
Change in Plan Net Pension Liability	<u>\$ 99,521</u>	<u>\$ 5,392</u>	<u>\$ 94,129</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023 and 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 rolled forward to June 30, 2023 and 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	0.003304%	0.003185%	0.000119%
Percentage of Plan (PERF C) Net Pension Liability	0.001339%	0.001118%	0.000221%

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

For the year ended June 30, 2023, the District recognized pension expense/(credit) in the amount of \$45,677 respectively, for the CalPERS Miscellaneous Plan. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 42,211	\$ -
Difference between actual and proportionate share of employer contributions	16,453	-
Adjustment due to differences in proportions	7,552	-
Differences between expected and actual experience	3,105	2,079
Differences between projected and actual earnings on pension plan investments	28,320	-
Changes in assumptions	15,843	-
Total Deferred Outflows/(Inflows) of Resources	\$ 113,484	\$ 2,079

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District will recognize \$42,211 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2024	\$ 25,393
2025	18,140
2026	8,339
2027	<u>17,322</u>
Total	<u><u>\$ 69,194</u></u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement dates), the total pension liability was determined by rolling forward the June 30, 2021, total pension liabilities. As of June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% Net of Pension Plan Investment and Administrative Expenses; includes inflation

All other actuarial assumptions used in the June 30, 2022 valuation was based on the results of an actuarial experience study for the years 1997 to 2011.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the CalPERS Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability for PERF C. The crossover test results can be found on CalPERS' website at <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class.

Asset Class	Assumed Asset	Real Return ^{1,2}
	Allocation	
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Estate	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

¹ An expected inflation of 2.30% is used for this period.

² Figures are based on the 2022 Asset Liability Management study.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

For the year ended June 30, 2023:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate	Current	Discount Rate
	- 1% 5.90%	Discount 6.90%	+ 1% 7.90%
CalPERS – Miscellaneous Plan	\$ 252,271	\$ 154,609	\$ 74,258

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

DAVIS CEMETERY DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023

NOTE 7 – FUND BALANCES

At June 30, 2023, fund balances of the District’s governmental funds were classified as follows:

Description	General Fund	Permanent Fund Endowment Care	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 1,618	\$ -	\$ 1,618
Materials and supplies – inventory	10,510	-	10,510
	<u>12,128</u>	<u>-</u>	<u>12,128</u>
Restricted:			
Nonexpendable – endowment principal	-	1,102,233	1,102,233
Expendable – endowment care - maintenance	-	492,127	492,127
Total restricted	<u>-</u>	<u>1,594,360</u>	<u>1,594,360</u>
Committed:			
Capital asset replacement	<u>159,444</u>	<u>-</u>	<u>159,444</u>
Assigned:			
Compensated absences	<u>8,536</u>	<u>-</u>	<u>8,536</u>
Unassigned	<u>781,823</u>	<u>-</u>	<u>781,823</u>
Total fund balances	<u>\$ 961,931</u>	<u>\$ 1,594,360</u>	<u>\$ 2,556,291</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ended June 30, 2023, the District contracted with the Yolo County Public Agency Risk Management Insurance Authority (Authority) for liability, property, crime damage, and workers’ compensation insurance. The Authority is an intergovernmental risk sharing joint powers authority composed of public agencies members, created pursuant to California Government Code Sections 6500 et. Seq. Member agencies pay an annual premium to the Authority and are determined by the governing board.

The District’s deductible and maximum coverage as follows:

Description	Deductible	District	CJRMA	CSAC	Lloyd’s London
General and auto liability	\$ 5,000	\$ 500,000	\$ 40,000,000	\$ -	\$ -
Workers’ compensation	1,000	500,000	-	Layered	-
Property insurance	1,000	25,000	-	959,357,100	-
Boiler and machinery coverage*	1,000.00	25,000.00	-	959,357,100	-
Cyber liability	-	-	-	-	1,000,000

* Included in Property Insurance

DAVIS CEMETERY DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2023

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 10 – SUBSEQUENT EVENT

The District has evaluated subsequent events through April 11, 2025, the date which the financial statements were available to be issued.

Required Supplementary Information

DAVIS CEMETERY DISTRICT*Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023*

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 283,700	\$ 341,499	\$ 57,799
Redevelopment taxes	55,000	40,008	(14,992)
Charges for services	420,000	394,674	(25,326)
Investment earnings	13,000	22,214	9,214
Other income	26,000	41,192	15,192
Total revenues	797,700	839,587	41,887
Expenditures:			
Current:			
Salaries and wages	390,481	379,032	11,449
Employee benefits	181,680	169,774	11,906
Facilities	55,000	128,323	(73,323)
Materials and services	139,150	89,925	49,225
Capital outlay	10,000	-	10,000
Total expenditures	776,311	767,054	9,257
Excess of revenues over (under) expenditures	\$ 21,389	72,533	\$ 51,144
Fund balance:			
Beginning of year		889,398	
End of year		\$ 961,931	

DAVIS CEMETERY DISTRICT*Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2023***Last Nine Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.000860%	\$ 53,416	\$ 226,770	26.30%	79.82%
June 30, 2015	0.001580%	43,352	243,032	17.84%	88.35%
June 30, 2016	0.000830%	72,187	254,086	28.41%	75.39%
June 30, 2017	0.000930%	91,819	193,245	47.51%	77.69%
June 30, 2018	0.000930%	89,927	292,131	30.78%	77.69%
June 30, 2019	0.001030%	105,230	344,681	30.53%	77.69%
June 30, 2020	0.001150%	124,760	335,770	37.16%	77.69%
June 30, 2021	0.003757%	60,480	402,399	15.03%	90.20%
June 30, 2022	0.003304%	154,609	363,515	42.53%	78.42%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown

See notes to the required supplementary information.

DAVIS CEMETERY DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2023

Last Nine Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 13,985	\$ (13,985)	\$ -	226,770	6.17%
June 30, 2016	12,991	(12,991)	-	243,032	5.35%
June 30, 2017	16,458	(16,458)	-	254,086	6.48%
June 30, 2018	20,393	(20,393)	-	193,245	10.55%
June 30, 2019	24,815	(24,815)	-	292,131	8.49%
June 30, 2020	33,972	(33,972)	-	344,861	9.85%
June 30, 2021	35,403	(35,403)	-	335,770	10.54%
June 30, 2022	39,949	(39,949)	-	402,399	9.93%
June 30, 2023	42,211	(42,211)	-	363,515	11.61%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment exp
Retirement Age	50 years (2.5%@55), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only nine years are shown.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Davis Cemetery District
Davis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Davis Cemetery District as of and for the fiscal years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 11, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walnut Creek, California
April 11, 2025