

MURRIETA VALLEY CEMETERY DISTRICT

**Financial Statements
& Required Supplementary Information
With Independent Auditors' Report**

**For the Year Ended
June 30, 2025**

DRAFT

MURRIETA VALLEY CEMETERY DISTRICT

For the Fiscal Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Murrieta Valley Cemetery District

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Murrieta Valley Cemetery District (District) as of and for the fiscal year ended June 30, 2025, 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, 2025, and the respective changes in financial position thereof for the fiscal year 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 and budgetary comparison information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October __, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.



October __, 2025

MURRIETA VALLEY CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

Management's Discussion and Analysis (MD&A) offers readers of the Murrieta Valley Cemetery District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. 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

- District's net position increased by approximately 7.1% compared to the prior fiscal year.
- The District experienced a increase in net position of \$243,001.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include three components: (1) Statement of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position and results of operations during the year ending June 30, 2025. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

REQUIRED FINANCIAL STATEMENTS

Statement of Net Position

The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Assets exceed liabilities, resulting in a net position of \$3,668,589 as of June 30, 2025.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities (sale of internment rights and burial services). General revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes). For the fiscal year ended June 30, 2025 net position increased by \$243,001.

MURRIETA VALLEY CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

REQUIRED FINANCIAL STATEMENTS (continued)

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.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
ASSETS			
Current assets	\$ 3,186,225	\$ 2,933,531	\$ 252,694
Capital assets, net	560,624	561,839	(1,215)
Total assets	<u>3,746,849</u>	<u>3,495,370</u>	<u>251,479</u>
DEFERRED OUTFLOWS	<u>62,851</u>	<u>73,696</u>	<u>(10,845)</u>
LIABILITIES			
Current liabilities	25,616	33,372	(7,756)
Non-current liabilities	115,128	109,240	5,888
Total liabilities	<u>140,744</u>	<u>142,612</u>	<u>(1,868)</u>
DEFERRED INFLOWS	<u>367</u>	<u>866</u>	<u>(499)</u>
NET POSITION			
Investment in capital assets	560,624	561,839	(1,215)
Restricted	1,530,609	1,386,167	144,442
Unrestricted	<u>1,577,356</u>	<u>1,477,582</u>	<u>99,774</u>
Total net position	<u>\$ 3,668,589</u>	<u>\$ 3,425,588</u>	<u>\$ 243,001</u>

At the end of the fiscal year, the District shows a balance in its unrestricted net position of \$1,577,356. The restricted assets increased because of endowment fees collected and the increase in investment earnings. Unrestricted assets increased which was due the net operating surplus in the General Fund during the fiscal year.

MURRIETA VALLEY CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Program revenues	\$ 388,518	\$ 418,350	\$ (29,832)
Expenses	<u>749,428</u>	<u>738,333</u>	<u>11,095</u>
Net program expense	(360,910)	(319,983)	(40,927)
General revenues	<u>603,911</u>	<u>602,898</u>	<u>1,013</u>
Change in net position	243,001	282,915	(39,914)
Net position			
Beginning of year	3,425,588	3,142,673	282,915
End of year	<u>\$ 3,668,589</u>	<u>\$ 3,425,588</u>	<u>\$ 243,001</u>

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers to the nature and source of these changes. The main factors in the change in net position is due to the operating surplus.

Table A-3: Total Revenues

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 295,008	\$ 325,100	\$ (30,092)
Endowment care fees	<u>93,510</u>	<u>93,250</u>	<u>260</u>
Total program revenues	<u>388,518</u>	<u>418,350</u>	<u>(29,832)</u>
General revenues:			
Property taxes	506,206	489,355	16,851
Other revenues	-	2,000	(2,000)
Investment earnings	<u>97,705</u>	<u>111,543</u>	<u>(13,838)</u>
Total general revenues	<u>603,911</u>	<u>602,898</u>	<u>1,013</u>
Total revenues	<u>\$ 992,429</u>	<u>\$ 1,021,248</u>	<u>\$ (28,819)</u>

Total revenue from all sources decreased by 2.8%, or \$28,819, from the prior year due to decreases in charges for services, investment earnings and other revenues.

MURRIETA VALLEY CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-4: Total Expenses

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and employee benefits	\$ 343,256	\$ 374,520	\$ (31,264)
Services and supplies	333,046	297,878	35,168
Depreciation	73,126	65,935	7,191
	<u>\$ 749,428</u>	<u>\$ 738,333</u>	<u>\$ 11,095</u>

Total expenses for the District's operations increased by 1.5%, or \$11,095, from the prior year due to increases in services and supplies as well as increased charges for depreciation.

CAPITAL ASSETS

Net capital assets decreased by \$1,215 from the prior year due to investments in new depreciable assets exceeded by depreciation charges during the fiscal year.

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

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>	<u>Increase (Decrease)</u>
Capital assets:			
Non Depreciable assets	\$ 25,000	\$ 25,000	\$ -
Depreciable assets	795,409	723,498	71,911
Accumulated depreciation	<u>(259,785)</u>	<u>(186,659)</u>	<u>(73,126)</u>
	<u>\$ 560,624</u>	<u>\$ 561,839</u>	<u>\$ (1,215)</u>

ANALYSIS OF INDIVIDUAL DISTRICT FUNDS

General Operating Fund

Total budgeted expenditures for the fiscal year show expenditures exceeding revenues. The actual results for the year show revenues exceeding expenditures by \$110,958. Higher than anticipated revenues in addition to lower than projected expenditures for capital outlay led to an ending fund balance of \$1,630,000.

MURRIETA VALLEY CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Individual District Funds

Endowment Care Fund

The Endowment Care Fund increased by \$144,442 over the prior year. The principal portion of this fund is restricted and cannot be used for general operations. The increase is due to investment gains on the principal portion and endowment fees charged for services.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

The District is heavily reliant on generating at-need and pre-need sales to help operations. Any disruption in the number of services performed during a given year will have a dramatic impact on the level of spending the district can accommodate with spending down reserves.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our Board of Trustees, citizens, customers, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact the Murrieta Valley Cemetery District at 42800 Ivy Street, Murrieta, California 92562 or (951) 677-4223.

MURRIETA VALLEY CEMETERY DISTRICT

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,522,713
Property tax receivable	23,329
Interest receivable	14,628
Investments	625,555
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>560,624</u>
Total assets	<u>3,746,849</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	<u>62,851</u>
LIABILITIES	
Current liabilities	
Accounts payable	25,616
Non-current liabilities:	
Due within one year - compensated absences	6,283
Due in more than one year - pension liability	<u>108,845</u>
Total liabilities	<u>140,744</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	<u>367</u>
NET POSITION	
Net investment in capital assets	560,624
Restricted for:	
Nonexpendable	1,391,357
Expendable	139,252
Unrestricted	<u>1,577,356</u>
Net position	<u><u>\$ 3,668,589</u></u>

MURRIETA VALLEY CEMETERY DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2025

	<u>Governmental Activities</u>
EXPENSES	
Salaries and employee benefits	\$ 343,256
Utilities	53,198
Services and supplies	279,848
Depreciation	<u>73,126</u>
Total expenses	<u>749,428</u>
PROGRAM REVENUES	
Charges for current services	<u>388,518</u>
Net program revenues (expenses)	<u>(360,910)</u>
GENERAL REVENUES	
Property taxes	506,206
Investment income	<u>97,705</u>
Total genral revenues	<u>603,911</u>
Change in net position	243,001
Net position, July 1, 2024	<u>3,425,588</u>
Net position, June 30, 2025	<u><u>\$ 3,668,589</u></u>

MURRIETA VALLEY CEMETERY DISTRICT

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Permanent Fund Endowment Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,381,186	\$ 1,141,527	\$ 2,522,713
Investments	246,261	379,294	625,555
Property tax receivable	23,329	-	23,329
Interest receivable	4,840	9,788	14,628
Total assets	\$ 1,655,616	\$ 1,530,609	\$ 3,186,225
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 25,616	\$ -	\$ 25,616
Total liabilities	25,616	-	25,616
Fund balance			
Nonspendable	-	1,391,357	1,391,357
Restricted	-	139,252	139,252
Committed	266,028	-	266,028
Assigned	6,283	-	6,283
Unassigned	1,357,689	-	1,357,689
Total fund balances	1,630,000	1,530,609	3,160,609
Total liabilities and fund balances	\$ 1,655,616	\$ 1,530,609	\$ 3,186,225

MURRIETA VALLEY CEMETERY DISTRICT

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

June 30, 2025

Total fund balances - governmental funds \$ 3,160,609

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

Cost of capital assets:	820,409	
Accumulated depreciation:	<u>(259,785)</u>	
Capital assets, net of depreciation		560,624

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:

Deferred outflows of resources - pension	62,851
Deferred inflows of resources - pension	(367)
Net pension liability	(108,845)
Compensated absences	<u>(6,283)</u>

Total net position - governmental activities \$ 3,668,589

MURRIETA VALLEY CEMETERY DISTRICT*Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**For the Fiscal Year Ended June 30, 2025*

	<u>General Fund</u>	<u>Permanent Fund Endowment Care Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 506,206	\$ -	\$ 506,206
Charges for current services	295,008	93,510	388,518
Investment income	46,773	50,932	97,705
Total revenues	<u>847,987</u>	<u>144,442</u>	<u>992,429</u>
EXPENDITURES			
Current:			
Salaries and employee benefits	332,072	-	332,072
Utilities	53,198	-	53,198
Services and supplies	279,848	-	279,848
Capital outlay	71,911	-	71,911
Total expenditures	<u>737,029</u>	<u>-</u>	<u>737,029</u>
Net change in fund balances	110,958	144,442	255,400
FUND BALANCE			
Fund balances, July 1, 2024	<u>1,519,042</u>	<u>1,386,167</u>	<u>2,905,209</u>
Fund balances, June 30, 2025	<u>\$ 1,630,000</u>	<u>\$ 1,530,609</u>	<u>\$ 3,160,609</u>

MURRIETA VALLEY CEMETERY DISTRICT

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net change in fund balances - total governmental funds \$ 255,400

Amounts reported for governmental activities in the statement of activities are different because:

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

Net pension expense	(9,951)
Compensated absences	(1,233)

Governmental funds report capital outlay as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	71,911	
Depreciation expense	(73,126)	
Net:	<u> </u>	<u>(1,215)</u>

Change in net position - governmental activities \$ 243,001

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Murrieta Valley Cemetery District (the District) is a public cemetery district operating under the provisions of the Health and Safety Code Sections 8890 et seq. The District was established in 1938 for the purpose of operating a public cemetery for the residents of Murrieta Valley. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of five members appointed by the County Supervisors. Each member serves a term of four years; there are no term limits for reappointment.

Reporting Entity

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows:

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the District and any of its component units. Component units are legally separate entities of which the District is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the District's operations, so the accounts of these entities are to be combined with the data of the District. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. However, the District has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately, compared to business-type activities, which rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(continued)

Government-Wide and Fund Financial Statements (continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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, payments for services, 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after yearend, except for contracts for services which are recognized at the time the contract is signed. Property taxes and investment income are susceptible to accrual. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Permanent funds account for assets for which the principal may not be spent.

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports 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 services, rents, property taxes, and interest. 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 future maintenance of the Cemetery at such time when all lots have been sold and there is no longer revenue generated from such sales. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. The principal must be preserved intact. Endowment Fund is in accordance with Section 9065(e) of the California Health and Safety Code.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

Budgetary Data

Health and Safety Code Section 9070(a) states that on or before August 30 of each year, the board of trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with § 1031.1) of, and Article 1 (commencing with § 1121) of Subchapter 4 of Division 2 of Title 2 of the California Code of Regulations. The board of trustees may divide the annual budget into categories, including, but not limited to maintenance and operation, employee compensation, interest and redemption for indebtedness, as well as reserves (for endowment income fund, capital outlay, pre-need, contingencies, and unallocated general reserve).

The District follows these procedures in establishing budgetary data reflected in the Required Supplementary Information – Budgetary Comparison Schedule. 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 generally accepted accounting principles (GAAP). The Board then considers the proposed budget at its regular meeting, which is open to the public.

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 Riverside 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 Riverside Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

Pension

The District follows *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* which became applicable as of July 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

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

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes mandate the District maintain substantially all of its cash in the Riverside County Treasury. The County's investment pool operates in accordance with appropriate state laws and regulations. The fair value of the District's position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost plus accrued interest, multiplied by the District's percentage at the date of such withdrawal. The County Treasurer's investments, including U.S. Treasury and Agency securities, are carried at fair value based on current market prices. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value.

The District has adopted GASB Statement No. 72, Fair Value Measurement and Application; investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Mutual funds are carried at fair value based on the funds' share price. Local agency obligations are carried at fair value based on the value of each participating dollar.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful lives. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and Improvements	10-30 years
Furniture and Equipment	5-10 years

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

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

Interfund Balances and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as due to/from other funds (i.e. current portion of interfund loans). Interfund transfers occur because the District receives charges for services through the special revenues funds and transfers these funds to the general fund as expenditures are incurred or due to contractual requirements.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Currently, the District has deferred inflows/outflows of resources for its pension plan.

Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **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.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

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

Pension

The District follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions as of July 1, 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Murrieta Valley Cemetery District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

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.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

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

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employers and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024.

The liability for compensated absences reported in the government-wide statements. In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences.

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.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025, are reported at fair value and consisted of the following:

External Investment Pool - Cash in Riverside County Treasury	\$	1,701,927
Deposits - Local banks		<u>820,786</u>
Total cash and cash equivalents		<u>2,522,713</u>
Investments		<u>625,555</u>
Total cash and investments	\$	<u><u>3,148,268</u></u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that 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 (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Riverside County Treasury Investment Pool (RCTIP)

The District is a voluntary participant in the Riverside County Treasury Investment Pool (RCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Riverside County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the County of Riverside Administrative Office in the department of the Treasurer and Tax Collector's.

RCTIP 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 RCTIP a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments

As of June 30, 2025, investments consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	12 Months or Less	13 to 24 Months	25 to 120 Months
Corporate bonds	Level 1	AAA to A-	\$ 59,488	\$ 59,488	\$ -	\$ -
Government/Municipal bonds	Level 1	AAA to A-	432,041	173,898	258,143	-
Mutual Funds	Level 1	N/A	134,026	134,026	-	-
			<u>\$ 625,555</u>	<u>\$ 367,412</u>	<u>\$ 258,143</u>	<u>\$ -</u>

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchase 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 as noted in the previous table.

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 changes in 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.

MURRIETA VALLEY CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2025:

	<u>General Fund</u>	<u>Endowment Care Fund</u>
Property taxes	\$ 23,329	\$ -
Interest	4,840	9,788
Total	<u>\$ 28,169</u>	<u>\$ 9,788</u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total capital assets not being depreciated	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Capital assets being depreciated:				
Building and improvements	511,733	71,911	-	583,644
Furniture and equipment	211,765	-	-	211,765
Total capital assets being depreciated	<u>723,498</u>	<u>71,911</u>	<u>-</u>	<u>795,409</u>
Accumulated depreciation for:				
Building and improvements	(45,622)	(52,813)	-	(98,435)
Furniture and equipment	(141,037)	(20,313)	-	(161,350)
Total accumulated depreciation	<u>(186,659)</u>	<u>(73,126)</u>	<u>-</u>	<u>(259,785)</u>
Total capital assets being depreciated, net	<u>536,839</u>	<u>(1,215)</u>	<u>-</u>	<u>535,624</u>
Governmental activity capital assets, net	<u>\$ 561,839</u>	<u>\$ (1,215)</u>	<u>\$ -</u>	<u>\$ 560,624</u>

Depreciation expense for cemetery operations amounted to \$73,126 for the fiscal year ended June 30, 2025. The district has no estimated costs remaining on current contracts.

NOTE 5 – NON-CURRENT LIABILITIES

A schedule of changes in non-current liabilities for the fiscal year ended June 30, 2025, is shown below:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Compensated absences	\$ 5,050	\$ 1,233	\$ -	\$ 6,283	\$ 6,283

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – FUND BALANCE

At June 30, 2025, fund balances of the District's governmental funds were classified as follows:

	<u>General</u>	<u>Permanent</u>	
	<u>Fund</u>	<u>Endowment</u>	<u>Total</u>
		<u>Fund</u>	
Nonspendable:			
Endowment principal	\$ -	\$ 1,391,357	\$ 1,391,357
Total Nonspendable	-	1,391,357	1,391,357
Restricted:			
Cemetery maintenance	-	139,252	139,252
Total Restricted	-	139,252	139,252
Committed:			
Capital projects	266,028	-	266,028
Total Committed	266,028	-	266,028
Assigned:			
Compensated absences	6,283	-	6,283
Total Assigned	6,283	-	6,283
Unassigned:			
Unassigned balances	1,357,689	-	1,357,689
Total Unassigned	1,357,689	-	1,357,689
Total	<u>\$ 1,630,000</u>	<u>\$ 1,530,609</u>	<u>\$ 3,160,609</u>

NOTE 7 – 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, 2024, the District contracted with the Golden State Risk Management 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 policy limits for property damage which includes automobile, mobile equipment, and boiler and machinery is a set amount per covered loss with deductibles of \$1,000 per direct property loss and \$250 comprehensive/\$500 collision for automobile physical damage loss. General liability coverage which includes automobile, errors and omissions of officers and board of trustees, and pollution is at set amount per occurrence with no deductible. The District's policy limits for workers' compensation insurance to \$5,000,000 per occurrence with no deductible. There were no reductions in insurance coverage from the previous year and the number of settled claims has not exceeded insurance coverage for each of the past three fiscal years.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLAN

Plan Description, Benefits Provided and Employees Covered

All qualified permanent and probationary employees are eligible to participate in the Murrieta Valley Cemetery District Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of an individual rate plan within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans within the miscellaneous pools are not separate plans under GASB Statement No. 68.

Individual employers may sponsor more than one rate plan in the miscellaneous pools. Murrieta Valley Cemetery District sponsors two rate plans (Classic and PEPPRA). Benefit provisions under the Plan are established by State statute and Murrieta Valley Cemetery District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found at CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and will be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2025 were \$28,260.

For the measurement period ended June 30, 2024 (the measurement date), employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLAN (continued)

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

At June 30, 2025, the District reported a net pension liability of \$108,845 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, 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 participants actuarially determined.

At June 30, 2025, the District's net pension liability as a proportion of the miscellaneous pool was 0.0023%. The District recognized pension expense of \$9,951 for the year ended June 30, 2025. At June 30, 2025, 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
Differences between actual and proportionate share of employer contributions	\$ 2,798	\$ -
Changes in proportions	9,411	367
Changes of assumptions	6,266	-
Differences between expected and actual experiences	9,651	-
Net differences between projected and actual earnings on plan investments	6,465	-
Contributions made subsequent to the measurement date	28,260	-
Total	<u>\$ 62,851</u>	<u>\$ 367</u>

The \$28,260 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2026	\$ 15,605
2027	18,617
2028	2,148
2029	(2,146)
	<u>\$ 34,224</u>

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2024 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age & Service
Investment Rate of Return	6.90% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table (1)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefits Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov under Forms and Publications.

Change in Assumption

There were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLAN (continued)

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.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Returns Years 1-10
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%	0.27%
Mortgage-backed securities	5.0%	0.50%
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%
Liquidity	-5.0%	-0.59%
Total	100%	

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

1% Decrease	5.90%
Net Pension Liability	\$ 184,548
Current Discount Rate	6.90%
Net Pension Liability	\$ 108,845
1% Increase	7.90%
Net Pension Liability	\$ 46,530

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial report. The District did not report a payable outstanding for contributions to the pension plan required for the year ended June 30, 2025.

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss: Net differences between projected and actual earnings on pension plan investments (5 year straight-line amortization) and all other amounts (Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period).

NOTE 9 – COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTIES

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.

Interest Rate, Market and Credit Risks

Investment securities are exposed to various risks such as interest rate, market and credit. The financial markets in recent months have shown heightened volatility and the markets are significantly down. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term could materially affect investment balances and the amounts reported in the financial statements. Additionally, many mutual funds invest in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies.

MURRIETA VALLEY CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2025, have been evaluated through October __, 2025, the date at which the District's audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.

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Required Supplementary Information

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MURRIETA VALLEY CEMETERY DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 459,500	\$ 459,500	\$ 506,206	\$ 46,706
Charges for current services	250,000	250,000	295,008	45,008
Investment income	21,000	21,000	46,773	25,773
Total revenues	<u>730,500</u>	<u>730,500</u>	<u>847,987</u>	<u>117,487</u>
EXPENDITURES				
Current:				
Salaries and employee benefits	\$ 406,000	406,000	332,072	73,928
Utilities	50,000	50,000	53,198	(3,198)
Services and supplies	210,000	210,000	279,848	(69,848)
Capital outlay	864,500	864,500	71,911	792,589
Total expenditures	<u>1,530,500</u>	<u>1,530,500</u>	<u>737,029</u>	<u>793,471</u>
Net change in fund balances	(800,000)	(800,000)	110,958	910,958
FUND BALANCE				
Balances, July 1, 2024	<u>1,519,042</u>	<u>1,519,042</u>	<u>1,519,042</u>	
Balances, June 30, 2025	<u>\$ 719,042</u>	<u>\$ 719,042</u>	<u>\$ 1,630,000</u>	

MURRIETA VALLEY CEMETERY DISTRICT

*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2025*

Measurement Date	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/24	0.000023	108,845	232,834	46.75%	80.59%
6/30/23	0.000022	109,240	214,680	50.89%	78.32%
6/30/22	0.000021	97,990	213,166	81.03%	78.55%
6/30/21	0.000016	30,267	191,900	15.77%	93.29%
6/30/20	0.000019	79,566	176,063	45.19%	80.89%
6/30/19	0.000018	71,506	173,511	41.21%	80.41%
6/30/18	0.000017	64,849	165,749	39.12%	79.36%
6/30/17	0.000169	66,720	158,826	42.01%	73.47%
6/30/16	0.000016	56,134	144,328	38.89%	69.30%
6/30/15	0.000011	55,752	176,088	31.66%	69.59%

MURRIETA VALLEY CEMETERY DISTRICT
Schedule of District's Pension Contributions
For the Fiscal Year Ended June 30, 2025

Year Ended June 30th	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Payroll
2025	\$ 28,260	\$ (28,260)	\$ -	239,684	11.79%
2024	23,937	(23,937)	-	232,834	10.28%
2023	24,311	(24,311)	-	214,680	11.32%
2022	23,817	(23,817)	-	213,166	11.17%
2021	22,443	(22,443)	-	191,900	11.70%
2020	18,742	(18,742)	-	176,063	10.65%
2019	19,338	(19,338)	-	173,511	11.15%
2018	16,247	(16,247)	-	165,749	9.80%
2017	16,027	(16,027)	-	158,826	10.09%
2016	13,156	(13,156)	-	144,328	9.12%

MURRIETA VALLEY CEMETERY DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTES TO SCHEDULE

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Excess of Expenditures Over Appropriations

At June 30, 2025, the District had excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule were incurred as follows:

<u>Appropriations Category</u>	<u>Amount</u>
Current:	
Utilities	\$ 3,198
Services and supplies	69,848

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), and the plans' fiduciary net position. In the future, as data become available, ten years of information will be presented.

- **Change in Benefit Terms:** There were no changes in benefit terms since the previous valuation.
- **Changes in Assumptions:** There were no changes in economic assumption for the plan from previous valuation.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data become available, ten years of information will be presented.

Other Independent Auditors' Report

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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

To the Board of Trustees
Murrieta Valley Cemetery District

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 Murrieta Valley Cemetery District as of and for fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Murrieta Valley Cemetery District's basic financial statements, and have issued our report thereon dated October __, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Murrieta Valley Cemetery District's internal control over financial reporting (internal control) 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 Murrieta Valley Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Murrieta Valley Cemetery 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Murrieta Valley Cemetery 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 determination of financial statement amounts. 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.



October __, 2025

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