

Draft 2023

**RUSSIAN RIVER
CEMETERY
DISTRICT**

ANNUAL FINANCIAL REPORT

June 30, 2023

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Annual Financial Report
For the Fiscal Year Ended June 30, 2023

TITLE	PAGE
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Funds Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position	7
Statement of Revenues, Expenditures and Changes	
in Fund Balances – Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds to the Government-wide	
Statement of Activities.....	9
Notes to Financial Statements.....	11
Required Supplementary Information:	
Schedule of Revenues, Expenditures and	
Fund Balances – Budget and Actual – General Fund	23
Notes to Required Supplementary Information	24
Schedule of District's Proportionate Share of the Net Pension Liability.....	25
Schedule of Pension Plan Contributions	26
Notes to Required Supplementary Information	27

Draft 2023



david farnsworth cpa
ACCOUNTING • ADVISORY • ASSURANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Russian River Cemetery District
Ukiah, California

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Russian River Cemetery District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Russian River Cemetery 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 Russian River Cemetery District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Russian River Cemetery District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Russian River Cemetery 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Draft 2023

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Russian River Cemetery 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 Russian River Cemetery 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 District's proportionate share of the net pension liability, and schedule of pension plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Dublin, California
June xx, 2024

Draft 2023

Basic Financial Statement

RUSSIAN RIVER CEMETERY DISTRICT

Statement of Net Position

June 30, 2023

Draft 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and investments	\$ 1,354,361
Inventory	12,874
Noncurrent Assets	
Restricted cash and investments	2,254,958
Capital Assets:	
Nondepreciable	389,796
Depreciable, net	1,041,169
Total Assets	<u>5,053,158</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>233,422</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	20,195
Unearned revenue	396,417
Noncurrent liabilities:	
Due within one year: compensated absences	2,804
Due in more than one year:	
Compensated absences	11,218
Net pension liability	726,601
Total Liabilities	<u>1,157,235</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>18,572</u>
 NET POSITION	
Net investment in capital assets	1,430,965
Restricted for:	
Endowment:	
Expendable	99,491
Nonexpendable	2,157,952
Unrestricted	422,365
Total Net Position	<u><u>\$ 4,110,773</u></u>

The accompanying notes are an integral part of these financial statements.

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

		<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
Primary Government	Expenses	Charges for Services	Primary Government
			<u>Governmental Activities</u>
Governmental activities:			
Interment services	789,894	\$ 326,955	\$ (462,939)
Total governmental activities	<u>\$ 789,894</u>	<u>\$ 326,955</u>	<u>(462,939)</u>
General revenues:			
Property taxes			394,941
Investment earnings			22,997
Other revenues			71,483
Contributions to permanent funds			25,255
Total general revenues and contributions			<u>514,676</u>
Change in net position			51,737
Net position, beginning			4,059,036
Net position, ending			<u>\$ 4,110,773</u>

The accompanying notes are an integral part of these financial statements.

RUSSIAN RIVER CEMETERY DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

Draft 2023

	Major Funds			
	General Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 742,386	\$ 611,975	\$ 458,435	\$ 1,812,796
Investments	-	-	1,796,523	1,796,523
Inventory	12,874	-	-	12,874
Due from other funds	-	-	2,485	2,485
Total assets	<u>\$ 755,260</u>	<u>\$ 611,975</u>	<u>\$ 2,257,443</u>	<u>\$ 3,624,678</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 20,195	\$ -	\$ -	\$ 20,195
Unearned revenue	396,417	-	-	396,417
Due to other funds	2,485	-	-	2,485
Total liabilities	<u>419,097</u>	<u>-</u>	<u>-</u>	<u>419,097</u>
FUND BALANCES				
Nonspendable	12,874	-	2,157,952	2,170,826
Restricted:				
Maintenance and repairs of cemetery	-	-	99,491	99,491
Assigned:				
Capital projects	-	611,975	-	611,975
Unassigned	323,289	-	-	323,289
Total fund balances	<u>336,163</u>	<u>611,975</u>	<u>2,257,443</u>	<u>3,205,581</u>
Total liabilities and fund balances	<u>\$ 755,260</u>	<u>\$ 611,975</u>	<u>\$ 2,257,443</u>	<u>\$ 3,624,678</u>

The accompanying notes are an integral part of these financial statements.

RUSSIAN RIVER CEMETERY DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Draft 2023

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

Net change in fund balances - governmental funds		\$ 3,205,581
Capital assets of \$2,598,947, net of accumulated depreciation of \$1,167,982, used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,430,965
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for postretirement benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	233,422	
Deferred inflows - pension related	<u>(18,572)</u>	
Total deferred outflows and inflows related to postemployment benefits		214,850
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Compensated absences	(14,022)	
Net pension liability	<u>(726,601)</u>	
Total long-term liabilities		<u>(740,623)</u>
Net position of governmental activities		<u>\$ 4,110,773</u>

The accompanying notes are an integral part of these financial statements.

RUSSIAN RIVER CEMETERY DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

Draft 2023

	Major Funds			
	General Fund	Capital Projects Fund	Permanent Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 320,705	\$ -	\$ -	\$ 320,705
Intergovernmental	74,235	-	-	74,235
Charges for services	326,955	-	-	326,955
Investment earnings	16,226	9,064	(2,293)	22,997
Other revenues	21,483	-	-	21,483
Contributions	-	-	25,255	25,255
Total revenues	<u>759,604</u>	<u>9,064</u>	<u>22,962</u>	<u>791,630</u>
EXPENDITURES				
Interment services	736,457	-	-	736,457
Capital outlay:				
Interment services	361,524	-	-	361,524
Total expenditures	<u>1,097,981</u>	<u>-</u>	<u>-</u>	<u>1,097,981</u>
Excess of revenues over expenditures	<u>(338,377)</u>	<u>9,064</u>	<u>22,962</u>	<u>(306,351)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	50,000	-	-	50,000
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	(288,377)	9,064	22,962	(256,351)
FUND BALANCES				
Fund balances - beginning of year	624,540	602,911	2,234,481	3,461,932
Fund balances - end of year	<u>\$ 336,163</u>	<u>\$ 611,975</u>	<u>\$ 2,257,443</u>	<u>\$ 3,205,581</u>

The accompanying notes are an integral part of these financial statements.

RUSSIAN RIVER CEMETERY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Draft 2023

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

Net change in fund balances - total governmental funds	\$ (256,351)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	297,264
--	---------

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 the governmental funds.

Compensated absences	(2,615)	
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>13,439</u>	<u>10,824</u>

Change in net position of governmental activities	<u><u>\$ 51,737</u></u>
---	-------------------------

The accompanying notes are an integral part of these financial statements.

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Index to the Notes to the Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

A. Description of the Financial Reporting Entity.....	11
B. Measurement Focus, Basis of Accounting and Financial Statement Presentation.....	11
C. Cash and Investments.....	12
D. Capital Assets and Depreciation.....	12
E. Compensated Absences.....	12
F. Net Position.....	12
G. Fund Balance.....	13
H. Spending Policy.....	13
I. Estimates	13
J. Revenues and Expenditures/Expenses	14

Note 2 – Deposits and Investments 14

Note 3 – Capital Assets 17

Note 4 – Long-term Liabilities 18

Note 5 – Public Employees’ Retirement Plan 18

Note 6 – Litigation..... 21

Note 7 – Interfund Receivables and Payable 21

Note 8 – Excess of Expenditures over Appropriations 21

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 1—Summary of Significant Accounting Policies

A. Description of the Financial Reporting Entity

Organization. The Russian River Cemetery District (the District) is located in Ukiah, California. The District was formed as an independent special district to provide and maintain a cemetery or cemeteries limited to burial of residents of the District, members of the family of a resident who have heretofore purchased a burial plot, or non-residents of the District who are eligible for burial in the District cemetery by the provisions of Section 8961.2 of the Health and Safety Code.

Financial Reporting Entity. The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government's reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not report any component units.

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The District's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as they are applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the "District"). These statements include the financial activities of the District overall. Eliminations have been made to minimize double counting of internal activities. These statements display the governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and nonexchange transactions.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

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. Program revenues include (a) charges paid by recipients of goods and 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 are presented as general revenues, including all taxes.

Governmental Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Currently, the District has only one fund – the General Fund.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, except for property tax, which is within 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Improvements Fund accounts for capital resources to be used for the acquisition or construction of capital assets. Financial resources in this fund are transferred to the general fund for capital asset expenditures when approved by the Board of Trustees.

Permanent Endowment Fund accounts for contributions to endowment and interest earnings from the endowment principal.

C. *Cash and Investments*

The District pools its cash deposits with a local financial institution and the Mendocino County Investment Pool. Pooled cash with the Mendocino County Investment Pool is reported at amortized cost. Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposits, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

D. *Capital Assets and Depreciation*

Capital assets are recorded in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at acquisition value at the date of donation. The District had no infrastructure assets at year end. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Equipment and Vehicles	5 – 20
Infrastructure	20 – 30

E. *Compensated Absences*

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government-service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

F. *Net Position*

In the government-wide financial statements, net position is classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

G. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes as follows:

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. The District reports the nonspendable balance to account for the principal of the endowment fund and the inventory.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Interest earned on the endowment principal is restricted for repairs and maintenance of cemetery grounds.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (Board of Trustees) and that remain binding unless removed in the same matter. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The District reports assigned balance to account for the fund balance assigned for capital expenditures.

Unassigned – amounts that represent the residual net resources in excess of the other classifications.

H. Spending Policy

Government-Wide Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the District's practice is to apply the restricted component of the net position first, then use the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District's practice is to apply restricted fund balances first, then use unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the District uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance: committed, assigned, and unassigned.

I. Estimates

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

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

J. Revenues and Expenditures/Expenses

Program Revenues. Amounts reported as program revenues include (1) changes to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes. The District receives property tax revenue from Mendocino County (the County). The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal year.

The Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.

Note 2—Deposits and Investments

Cash and investments

It is the policy of the Russian River Cemetery District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and confirming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

The District's Investment Policy and the California Government Code allow the District to invest in the following provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Remaining	Maximum Percentage	Required Rating
	Maturity	of Portfolio	
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	5 years	None	None
Commercial Paper – Selected Agencies	270 Days	None	None
Commercial Paper – Other Agencies	270 Days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds & Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage pass-Through Securities	5 years	20%	AA
Bank/Time Deposits	5 years	None	None
County pooled Investment Funds	5 years	None	None
Joint Powers Authority	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

The District utilizes a pooled cash and investment concept for the cash deposits in financial institutions, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. The District has authorized staff to invest cash with the Mendocino County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. State statutes govern the County's investment policies.

A. Cash deposits with financial institutions

Custodial credit risk – deposits. In the case of deposits, this is the risks that in the event of a bank's failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the District's bank balance of \$1,915,312 and \$0 of that amount was exposed to custodial credit risk because it was FDIC insured and deposits held at the Mendocino County Investment Pool is not subject to custodial credit risk. The carrying amount of the deposits as of June 30, 2023, was \$1,812,796.

Government-wide Statement of Net Position

Governmental activities:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	\$ 250	\$ -	\$ 250
Cash with financial insitutions	92,738	-	92,738
Cash with Mendocino Investment Pool	1,261,373	458,435	1,719,808
Total carrying amount of deposits	<u>\$ 1,354,361</u>	<u>\$ 458,435</u>	<u>\$ 1,812,796</u>

Cash in the Mendocino County Treasury – Mendocino County is a fiscal agent of the District. The fair value of the District's investment in the county pool is reported at amounts based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized costs basis. Mendocino County investment pool funds were available for withdrawal on demand and had an average maturity date of 493 days. All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

B. Investments

State statutes authorize the Russian River Cemetery District to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and the State Treasurer's Investment Pool.

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 longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Investment Pool, which had fair value of approximately \$514 million as of June 30, 2023. The sensitivity of the fair values of the District's investments to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was less than one-year on June 30, 2023.

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

As of June 30, 2023, the District had the following investments:

Investments by Fair Value Level	June 30, 2023	Investment Maturities (in Years)		
		Less than 1 year	1-5 years	> 5 Years
U.S. treasury obligations	\$ 38,311	\$ -	\$ 38,311	\$ -
Negotiable certificates of deposits	69,322	69,322	-	-
Government asset backed securities	152,585	68,760	-	83,825
Corporate bonds	556,293	143,646	412,647	-
Municipal Bonds	349,128	97,365	251,763	-
Mutual fund bonds	619,273	619,273	-	-
Total Investments at Fair value level	<u>\$ 1,784,912</u>	<u>\$ 998,366</u>	<u>\$ 702,721</u>	<u>\$ 83,825</u>
Investment measured at amortized cost				
Money market funds	11,612	11,612	-	-
Mendocino County Investment Pool	1,719,808	1,719,808	-	-
Total investments measured at amortized cost	<u>1,731,420</u>	<u>1,731,420</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 3,516,332</u>	<u>\$ 2,729,786</u>	<u>\$ 702,721</u>	<u>\$ 83,825</u>

Credit Risk. – Generally, credit Risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of investments table above shows the minimum rating under the actual rating of the District’s investments at year end. The investment with the County’s investment pool is governed by the County’s general investment policy. The County’s investments in 2022-23 included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The District’s investment in the Mendocino County Investment Pool is not rated. The District’s cash with fiscal agent and brokers includes investments rated from BAA1 to AA+.

Custodial Credit Risk – Investments – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 market 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.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District’s investment policy does not provide guidance about concentration of credit risk. The District’s policy specifically prohibits the use of or the investment in derivatives and tri-party repurchase agreements.

Fair Value of Investments – The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy has three levels and is based on the valuation inputs used to measure an asset’s fair value. Deposits and withdrawals in the Mendocino County Investment Pool are made in the basis of \$1 and not fair value. These guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs

Debt and equity securities classified as Level 1 are value using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are prices using the last trade price or estimated using recent trade prices. At June 30, 2023, the District had the following recurring fair value measurements:

Investment Type	Total	Level 1	Level 2	Level 3
U.S. treasury obligations	\$ 38,311	\$ 38,311	\$ -	\$ -
Negotiable certificates of deposits	69,322	-	69,322	-
Government asset backed securities	152,585	-	152,585	-
Corporate bonds	556,293	-	556,293	-
Municipal Bonds	349,128	-	349,128	-
Mutual fund bonds	619,273	-	619,273	-
Total investments by fair value level	1,784,912	<u>\$ 38,311</u>	<u>\$ 1,746,601</u>	<u>\$ -</u>

Investments measured at amortized cost:

Money market funds	11,612
Mendocino County Investment Pool	1,719,808
Total investments	<u>\$ 3,516,332</u>

Note 3—Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Governmental Activities:				
Capital assets not subject to depreciation:				
Land	\$ 158,767	\$ 177,000	\$ -	\$ 335,767
Work in progress	54,029	-	-	54,029
Total capital assets not subject to depreciation	212,796	177,000	-	389,796
Capital assets subject to depreciation:				
Buildings, improvements, and infrastructure	1,719,046	165,021	-	1,884,067
Machinery and equipment	307,433	17,650	-	325,083
Total capital assets being depreciated	2,026,479	182,671	-	2,209,150
Less accumulated depreciation for:				
Buildings, improvements, and infrastructure	(905,116)	(42,521)	-	(947,637)
Machinery and equipment	(200,458)	(19,886)	-	(220,344)
Total accumulated depreciation	(1,105,574)	(62,407)	-	(1,167,981)
Total capital assets being depreciated, net	920,905	120,264	-	1,041,169
Capital assets, net	<u>\$ 1,133,701</u>	<u>\$ 297,264</u>	<u>\$ -</u>	<u>\$ 1,430,965</u>

Depreciation expense for the year ended June 30, 2022 was \$62,407.

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 4—Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance			Balance	Due Within
Primary Government:	July 1, 2022	Increases	Decreases	June 30, 2023	One Year
Compensated absences payable	\$ 11,406	\$ 16,689	\$ (14,073)	\$ 14,022	\$ 2,804
Net pension liability	414,718	311,883	-	726,601	-
Total	<u>\$ 426,124</u>	<u>\$ 328,572</u>	<u>\$ (14,073)</u>	<u>\$ 740,623</u>	<u>\$ 2,804</u>

Note 5—Public Employees' Retirement Plan

Plan Description - The Russian River Cemetery District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Russian River Cemetery District's defined benefit pension plan is part of the Mendocino County Employees Retirement System (MCERA), an cost-sharing multiple employer plan administered by MCERA, which acts as a common investment and administrative agent for participating public employers. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the MCERA and additions to/deductions from MCERA' fiduciary net position have been determined on the same basis as they are reported by MCERA. 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.

Summary of Significant Accounting Policies

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 and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the MCERA Financial Office. 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. MCERA audited financial statements are publicly available reports that can be obtained at MCERA' 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.

Validation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the County of Mendocino (MCERA). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 actuarial valuation report.

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 shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

MCERA' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, 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 the 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 employees.

Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption for the fiscal year ended June 30, 2021 valuation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. Large Cap Equity	24.7%	5.49%
U.S. Small Cap Equity	12.3%	6.10%
Global ex-US Equity	25.0%	6.84%
Domestic US Fixed Income	21.0%	1.09%
Real Estate	11.0%	4.59%
Infrastructure	6.0%	5.30%
Total	100%	4.87%

Discount Rate: The discount rate used to measure the TPL was 6.75% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2022 and June 30, 2021.

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of MCERA as of June 30, 2023, which is allocated to all employers, calculated using the discount rate of 6.75%, as well as what MCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability			
Net Pension Liability	\$ 1,040,616	\$ 726,601	\$ 465,984

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4). The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

Reporting Date for Employer under GASB 68	June 30, 2023	June 30, 2022
Measurement Date for Employer under GASB 68	June 30, 2022	June 30, 2021
Total Pension Liability		
1. Beginning net pension liability	\$ 344,617	\$ 759,335
2. Pension expense	73,333	(13,835)
3. Employer contributions	(87,081)	(69,309)
4. New net deferred inflows/outflows	299,165	(273,851)
5. Change in allocation of prior deferred inflows/outflows	(16,550)	(8,973)
6. New net deferred flows due to change in proportion	26,991	(39,205)
7. Recognition of prior deferred inflows/outflows	44,866	(19,950)
8. Recognition of prior deferred flows due to change in proportion	41,260	10,405
9. Ending net pension liability	<u>\$ 726,601</u>	<u>\$ 344,617</u>

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 gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense.

Pension Expense and Deferred Outflows and Deferred Inflows

As of June 30, 2023, the Russian River Cemetery District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

Reporting Date for Employer under GASB 68	June 30, 2023	June 30, 2022
Measurement Date for Employer under GASB 68	June 30, 2022	June 30, 2021
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions (1)	\$ 26,991	\$ -
2. Changes of assumptions or other inputs	-	9,313
3. Net excess of projected over actual earnings on pension plan investments (if any)	80,256	-
4. Difference between expected and actual experience in the Total Pension Liability	42,107	4,038
5. Retirement payments after measurement date	84,068	84,376
6. Total deferred outflows of resources	<u>\$ 233,422</u>	<u>\$ 97,727</u>
Deferred Inflows of Resources		
7. Changes in proportion and differences between employer's contributions and proportionate share of contributions (1)	\$ 14,854	\$ 56,114
8. Changes of assumptions or other inputs	-	-
9. Net excess of projected over actual earnings on pension plan investments (if any)	-	213,094
10. Difference between expected and actual experience in the Total Pension Liability	3,718	9,093
11. Total deferred inflows of resources	<u>\$ 18,572</u>	<u>\$ 278,301</u>

(1) Calculated in accordance with Paragraphs 54 and 55 of GASB 68

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2023

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASB
68, Year Ended June 30:

2024	\$	-
2025		41,951
2026		31,737
2027		(7,171)
2028		64,265
Thereafter		-
Total	\$	<u>130,782</u>

Note 6—Litigation

At June 30, 2023, the District was involved in litigation arising from parcels of land of real property located in Redwood Valley in Mendocino County. The District settled out of court because the cost of legal fees was approaching the total cost of the lawsuit. The District paid the plaintiff \$300,000 of which \$50,000 was funded by the insurance carrier.

Note 7—Interfund Receivables and Payable

The composition of interfund balance as of June 30, 2023, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Permanent Fund	General Fund	\$ 2,485
	Total	<u>\$ 2,485</u>

The outstanding balances between funds result mainly from the lag between the dates that (1) payments between funds are made.

Note 8—Excess of Expenditures over Appropriations

There were \$175,537 of expenditures in excess of appropriations in the general fund for the year ended June 30, 2023.

Required Supplementary Information

RUSSIAN CEMETERY DISTRICT

General Fund

Statement of Revenues Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2023

Draft 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 335,028	\$ 335,028	\$ 320,705	\$ (14,323)
Intergovernmental	51,395	51,395	74,235	22,840
Charges for services	249,070	249,070	326,955	77,885
Investment earnings	91,694	91,694	16,226	(75,468)
Other income	-	-	21,483	21,483
Total revenues	<u>727,187</u>	<u>727,187</u>	<u>759,604</u>	<u>32,417</u>
EXPENDITURES				
Interment services	759,890	759,890	736,457	23,433
Capital outlay:				
Interment services	162,554	162,554	361,524	(198,970)
Total expenditures	<u>922,444</u>	<u>922,444</u>	<u>1,097,981</u>	<u>(175,537)</u>
Excess of revenues over expenditures	<u>(195,257)</u>	<u>(195,257)</u>	<u>(338,377)</u>	<u>(143,120)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	2,481	50,000	47,519
Total other financing sources (uses)	<u>-</u>	<u>2,481</u>	<u>50,000</u>	<u>47,519</u>
Net change in fund balances	(195,257)	(192,776)	(288,377)	(95,601)
FUND BALANCES				
Fund balances - beginning of year	<u>624,540</u>	<u>624,540</u>	<u>624,540</u>	<u>-</u>
Fund balances - end of year	<u>\$ 429,283</u>	<u>\$ 431,764</u>	<u>\$ 336,163</u>	<u>\$ (95,601)</u>

The accompanying notes are an integral part of these financial statements.

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Notes to Supplementary Information
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
June 30, 2023

Budgetary Basis of Accounting

The budget for the general fund is prepared on generally accepted accounting principles basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis.

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

RUSSIAN RIVER CEMETERY DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Draft 2023

Reporting Date for Employer Under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.348%	\$ 443,582	\$ 217,449	204.0%	74.90%
2015	0.367%	\$ 521,172	\$ 220,312	236.6%	76.20%
2016	0.327%	\$ 543,977	\$ 194,957	279.0%	73.70%
2017	0.342%	\$ 702,699	\$ 212,160	331.2%	68.30%
2018	0.314%	\$ 613,718	\$ 194,150	316.1%	71.90%
2019	0.288%	\$ 568,025	\$ 188,440	301.4%	73.10%
2020	0.329%	\$ 707,178	\$ 224,656	314.8%	71.30%
2021	0.296%	\$ 759,335	\$ 226,320	335.5%	67.60%
2022	0.278%	\$ 344,617	\$ 219,016	157.3%	84.20%
2023	0.0291%	\$ 726,601	\$ 237,120	306.4%	70.80%

See Notes to Required Supplementary Information.

¹ Covered payroll represents Compensation Earnable and Pensionable Compensation and is defined as the payroll on which contributions to the pension plan are based.

Draft 2023

RUSSIAN RIVER CEMETERY DISTRICT
Required Supplementary Information
Schedule of Employer Contributions
Pension Fund
For the Year Ended June 30, 2023

Reporting Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2015	\$ 51,510	\$ 51,510	\$ -	220,312	23.38%
2016	\$ 49,606	\$ 49,606	\$ -	194,957	25.44%
2017	\$ 65,630	\$ 65,630	\$ -	212,160	30.93%
2018	\$ 58,966	\$ 58,966	\$ -	194,150	30.37%
2019	\$ 57,977	\$ 57,977	\$ -	188,440	30.77%
2020	\$ 69,763	\$ 69,763	\$ -	224,656	31.05%
2021	\$ 69,309	\$ 69,309	\$ -	226,320	30.62%
2022	\$ 87,081	\$ 87,081	\$ -	219,016	39.76%
2023	\$ 84,068	\$ 84,068	\$ -	237,120	35.45%

See Notes to Required Supplementary Information.

¹ Covered payroll represents Compensation Earnable and Pensionable Compensation and is defined as the payroll on which contributions to the pension plan are based.

RUSSIAN RIVER CEMETERY DISTRICT
Notes to Required Supplementary Information
June 30, 2023

Pension

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

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Cost Method (individual basis)
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	Prior to July 1, 2012, the total UAAL was being amortized on a 30-year decreasing period, with 27 years remaining as of June 30, 2012 (and 20 years remaining as of June 30, 2019). On or after July 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods; assumption and method changes are amortized over separate decreasing 18-year periods; and experience gains/losses are also amortized over separate decreasing 18-year periods.
Asset valuation method	Market Value of Assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 25% of the market value. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial assumptions:	June 30, 2021 (for the year ended June 30, 2022 ADC)
Investment rate of return	6.75%
Inflation rate	2.75%
Real across-the-board salary increases	0.50%
Projected salary increases*	Ranges from 8.50% to 4.25%, based on years of service
Cost of living adjustments	Increase of 2.75% per year. Retiree COLA increases due to CPI are subject to a 2.75% maximum change per year for General Tiers 1, 2, and 3, Safety Tiers 1 and 2, and Probation Tiers 1 and 2 (for non-CalPEPRA members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year). No COLA increases for General Tier 4, Safety Tier 3, and Probation Tier 3.
Mortality (Post-Retirement)	Healthy: General Members: Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates decreased by 5% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019
Other assumptions	Same as those used in the June 30, 2020 funding actuarial valuation

* Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotion increases that vary by service.