

Clovis Veterans Memorial District | Clovis, CA

Financial Statements

For the Year Ended June 30, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

List of Board of Directors..... i

FINANCIAL SECTION

Independent Auditor’s Report 1

Basic Financial Statements:

Fund Financial Statements:

Governmental Fund:

Balance Sheet and Statement of Net Position 6

Reconciliation of the Balance Sheet to the Statement of Net Position 7

Statement of Revenues, Expenditures and Changes in
Fund Balance and Statement of Activities 8

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities 9

Notes to the Basic Financial Statements 11

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund 30

Notes to the Budgetary Comparison Schedule 32

Schedule of Proportionate Share of Net Pension Liability 33

Schedule of Contributions 34

**Independent Auditor’s 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*** 35

Findings and Questioned Costs:

Schedule of Findings and Questioned Costs 38

Summary Schedule of Prior Audit Findings 39

CLOVIS VETERANS MEMORIAL DISTRICT | JUNE 30, 2023

List of Board of Directors

Tom Wright	Chairman
Don Watnick	Vice-Chair
August Flach	Secretary
Heather Frantzich	Director
Patrick Ruth	Director



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clovis Veterans Memorial District
Clovis, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of the Clovis Veterans Memorial District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the 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 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 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 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.

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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 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 31-32, the schedule of proportionate share of the net pension liability on page 33, and the schedule of contributions on page 34, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024, 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 solely 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 District's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
January 4, 2024

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

CLOVIS VETERANS MEMORIAL DISTRICT | JUNE 30, 2023

Governmental Fund

Balance Sheet and Statement of Net Position

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 10,960,099	\$ -	\$ 10,960,099
Receivables:			
Accounts	7,021	-	7,021
Interest	69,059	-	69,059
Inventory	33,916	-	33,916
Land and construction in progress	-	2,357,549	2,357,549
Other capital assets, net of accumulated depreciation	-	23,312,147	23,312,147
Total assets	11,070,095	25,669,696	36,739,791
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	-	765,916	765,916
Total deferred outflows of resources	-	765,916	765,916
Total assets and deferred outflows of resources	\$ 11,070,095	\$ 26,435,612	\$ 37,505,707
LIABILITIES			
Accounts payable	\$ 163,111	\$ -	\$ 163,111
Payroll liabilities	15,901	-	15,901
Deferred revenues	155,623	-	155,623
Deposits payable	10,960	-	10,960
Interest payable	-	32,178	32,178
Loans payable - current	-	220,000	220,000
Compensated absences - current	-	22,839	22,839
Software subscription liability - current	-	23,041	23,041
Due in more than one year:			
Loans payable	-	2,129,000	2,129,000
Note payable	-	85,124	85,124
Software subscription liability	-	117,509	117,509
Compensated absences	-	50,416	50,416
Net pension liability	-	1,229,120	1,229,120
Total liabilities	345,595	3,909,227	4,254,822
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	66,909	(66,909)	-
Pension deferrals	-	87,371	87,371
Total deferred inflows of resources	66,909	20,462	87,371
FUND BALANCE/NET POSITION			
Fund balance:			
Nonspendable:			
Inventory	33,916	(33,916)	-
Committed:			
Capital projects	4,044,439	(4,044,439)	-
Unassigned	6,579,236	(6,579,236)	-
Total fund balance	10,657,591	(10,657,591)	-
Net position:			
Net investment in capital assets	-	23,095,022	23,095,022
Unrestricted	-	10,068,492	10,068,492
Total net position	-	33,163,514	33,163,514
Total liabilities, deferred inflows of resources, and fund balance/net position	\$ 11,070,095	\$ 26,435,612	\$ 37,505,707

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

CLOVIS VETERANS MEMORIAL DISTRICT | JUNE 30, 2023

Governmental Fund

Reconciliation of the Balance Sheet to the Statement of Net Position

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

Total fund balance - General Fund	\$	10,657,591
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the General Fund.		25,669,696
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		66,909
Interest is not due and payable in the current period and, therefore, is not reported in the General Fund.		(32,178)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.		(3,803,794)
Compensated absences were not due and payable in the current period; therefore, they are not reported in the General Fund.		(73,255)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for post- retirements benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	765,916	
Deferred inflows - pension related	<u>(87,371)</u>	
		<u>678,545</u>
Total net position - governmental activities	\$	<u><u>33,163,514</u></u>

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

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Fund

Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Activities

	General Fund	Adjustments	Statement of Activities
REVENUES			
Program revenues:			
Charges for current services	\$ 921,913	\$ -	\$ 921,913
Operating grant and contributions	4,953	-	4,953
General revenues:			
Property taxes	4,161,387	-	4,161,387
Intergovernmental	80,000	-	80,000
Interest income	131,505	66,909	198,414
	<u>5,299,758</u>	<u>66,909</u>	<u>5,366,667</u>
Total revenues			
EXPENDITURES			
Salaries and employee benefits	1,471,968	17,495	1,489,463
Administration	376,843	-	376,843
Activities	92,426	-	92,426
District governance	13,296	-	13,296
Buildings and grounds	599,125	18,526	617,651
Heritage center exhibits	6,395	-	6,395
Capital improvements	693,195	(692,566)	629
Depreciation and amortization	-	857,117	857,117
Debt service:			
Principal	257,433	(257,433)	-
Interest	74,348	(2,932)	71,416
	<u>3,585,029</u>	<u>(59,793)</u>	<u>3,525,236</u>
Total expenditures			
Net change in fund balance/net position	1,714,729	126,702	1,841,431
Fund balance/net position - beginning (restated)	8,942,862	22,379,221	31,322,083
Fund balance/net position - ending	<u>\$ 10,657,591</u>	<u>\$ 22,505,923</u>	<u>\$ 33,163,514</u>

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

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Fund

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

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

Net change in fund balance - General Fund	\$ 1,714,729
 The General Fund reports capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	 (183,077)
 Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities on the Statement of Net Position.	 257,433
 Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	 66,909
 Interest expenditure adjustment to reconcile to amortization schedule for reporting on statement of activities.	 2,932
 Compensated absences in the statement of activities did not require the use of current financial resources. The difference between compensated absences paid and earned was:	 (29,484)
 Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the Statement of Net Position.	 <u>11,989</u>
 Change in net position - governmental activities	 <u><u>\$ 1,841,431</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Clovis Veterans Memorial District (the District) was formed in 1946 under the provisions of the Military and Veteran’s Code of the State of California for the purpose of providing recreational facilities for various veterans and community activities. The District encompasses the area contained within the Clovis Unified School District, plus part of the Tarpey School District. The District Board is composed of five members elected by the public to serve four-year staggered terms without compensation.

B. 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 activities of the primary government.

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 customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance) 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within 60 days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The District reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the District and is used to account for all financial resources.

The District adopts annual appropriated budgets for its General Fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

D. Budgetary Procedures

By state law, the District’s Governing Board must approve, and file with the County, a budget no later than July 31. The District’s Governing Board satisfied these requirements.

The budgets are revised by the District’s Governing Board during the year to give consideration to unanticipated income and expenditures. The final revised budgets are presented in these financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts.

E. Assets, Liabilities and Net Position

Cash and Investments

The District invests its excess cash principally with the Fresno County Treasury. The County pools these funds with those of other entities in the County and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

Capital Assets

Capital assets, which include property and equipment, 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 in excess of more than one year. Furniture and equipment purchased or acquired are carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives or the related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful life:

Ground improvements.....	20-50 years
Buildings.....	20-50 years
Furniture and equipment.....	5-10 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Software Subscription Arrangements

The District has subscriptions for various information technology applications. The District recognizes subscription-based information technology arrangement (SBITA) liabilities and intangible right-to-use software arrangement assets in the government-wide financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). At the commencement of a subscription arrangement, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. The Intangible Right-to-Use Software Arrangement asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the commencement of the subscription term. Subsequently, the intangible right-to-use software arrangement asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the District determines (1) the rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) the SBITA payments.

- The District uses the interest rate charged by the SBITA vendors as the discount rate. When the interest rate charged by the SBITA vendors is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the non-cancellable period of the arrangement. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments made during the subscription term.

The District monitors changes in circumstances that would require a remeasurement of its SBITA liability and related asset and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position. Payments made on the SBITA liability are reported as debt service expenditures within the Statement of Revenues, Expenditures and Changes in Fund Balances.

Compensated Absences

Vested leave (vacation, compensated time off, holiday) earned but not used in governmental funds is expensed and established as a liability and is reported in the government-wide Statement of Net Position. No liability is recorded for non-vesting leave such as sick leave.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Pension Plan

The District recognizes a net pension liability, which represents its proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by Fresno County Employees’ Retirement Association (FCERA). The net pension liability is measured as of the District’s prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred. The average remaining service lifetime for the 2021-2022 measurement period is 4.39 years. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a recognition period of 5 years.

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	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Fund Equity

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted component of net position as needed.

The District has implemented an operating reserve policy that requires an amount maintained equal to 50% of the District’s anticipated operational expenditures, as described in the District’s operating budget for each year. The reserve is to be reviewed annually and adjusted by the District’s Governing Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Net Position and Fund Balance

Net Position

In the government-wide financial statements, net position is reported in three categories as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those.

Restricted – This component of net position consists of 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 – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioners. These amounts cannot be used for any other purpose unless the Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to the District’s Manager through the budgetary process.

Unassigned – This classification includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed, or assigned to those purposes.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The county of Fresno bills and collects the taxes for the District. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The District considers property taxes available if they are collected within sixty days after year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to (a) future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category, deferred outflows related to pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to (a) future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has two types of deferred inflows which qualifies for reporting in this category, deferred inflows related to pensions and unavailable revenue.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The District records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain 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 or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 96

For the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 establishes uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). These changes were incorporated in the District's June 30, 2023 financial statements and the effects of the pronouncement on beginning net position can be found in Note 8.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at consist of the following:

Bank deposits	\$ 32,855
External Investment pool - Fresno County	
Treasury Investment Pool	<u>10,927,244</u>
 Total	 <u>\$ 10,960,099</u>

A. Investments Authorized by the California Government Code

The District does not have an investment policy independent of what is allowed under the California Government Code.

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

The Fresno County Treasury Investment Pool Statement of Investment Policy is more stringent than the California Government Code. As of June 30, 2023, the Investment Pool portfolio complied with its Statement of Investment Policy.

B. Disclosures Relating to 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. As of June 30, 2023, the years to maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.36 years. 26.8% of the portfolio at cost matures within 12 months, 28.6% matures between 1 and 3 years, and 44.6% matures between 3 and 5 years.

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Disclosures Relating to Credit Risk

Generally, 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. The Fresno County Treasury Investment Pool does not have a rating provided by a nationally recognized statistical rating organization and is exempt from disclosure per the requirements of GASB 40. However, the assets of the portfolio held by the pool as of June 30, 2023, had an average dollar weighted quality rating at “AAA”.

D. Concentration of Credit Risk

There are no investments in any one issuer (other than an external investment pool) that represents 5% or more of total District investments.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: the California Government Code require that financial institutions secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the 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% of the total amount deposited by the public agencies. California Laws also allow financial institutions to secure district deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, none of the District’s deposits with financial institutions were held in uncollateralized accounts.

Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or governmental investment pools (such as the Fresno County Treasury Investment Pool).

F. Investments in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool that is regulated by the California Government Code under the oversight of the Auditor-Controller/Treasurer-Tax Collector of Fresno County. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis.

G. Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fresno County Treasury Investment Pool invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

CLOVIS VETERANS MEMORIAL DISTRICT | JUNE 30, 2023
Notes to the Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 06/30/2022 (Restated)	Increases	Decreases	Balance 06/30/2023
Capital assets:				
Land	\$ 2,271,637	\$ -	\$ -	\$ 2,271,637
Construction in progress	92,868	460,755	(467,711)	85,912
Total capital assets, not being depreciated	<u>2,364,505</u>	<u>460,755</u>	<u>(467,711)</u>	<u>2,357,549</u>
Capital assets, being depreciated:				
Ground improvements	3,809,344	-	-	3,809,344
Buildings	27,174,195	456,567	-	27,630,762
Furniture and equipment	1,037,528	224,429	(8,225)	1,253,732
Intangible right-to-use software arrangements	200,822	-	-	200,822
Total capital assets, being depreciated	<u>32,221,889</u>	<u>680,996</u>	<u>(8,225)</u>	<u>32,894,660</u>
Less accumulated depreciation and amortization for:				
Ground improvements	(1,284,682)	(91,537)	-	(1,376,219)
Buildings	(6,958,643)	(624,898)	-	(7,583,541)
Furniture and equipment	(440,086)	(115,579)	8,225	(547,440)
Intangible right-to-use software arrangements	(50,210)	(25,103)	-	(75,313)
Total accumulated depreciation and amortization	<u>(8,733,621)</u>	<u>(857,117)</u>	<u>8,225</u>	<u>(9,582,513)</u>
Total capital assets, being depreciated, net	<u>23,488,268</u>	<u>(176,121)</u>	<u>-</u>	<u>23,312,147</u>
Governmental activities capital assets, net	<u>\$ 25,852,773</u>	<u>\$ 284,634</u>	<u>\$ (467,711)</u>	<u>\$ 25,669,696</u>

Depreciation/amortization expense for the year ended June 30, 2023 was \$857,117.

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt:

	Balance June 30, 2022 Restated	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Direct borrowings:					
Reimbursement agreement	\$ 109,445	\$ -	\$ (24,321)	\$ 85,124	\$ -
Subscription liability	159,662	-	(19,112)	140,550	23,041
2017 Lease financing	2,563,000	-	(214,000)	2,349,000	220,000
Total direct borrowings	<u>2,832,107</u>	<u>-</u>	<u>(257,433)</u>	<u>2,574,674</u>	<u>243,041</u>
Compensated absences	43,772	29,483	-	73,255	23,041
Total long-term debt	<u>\$ 2,875,879</u>	<u>\$ 29,483</u>	<u>\$ (257,433)</u>	<u>\$ 2,647,929</u>	<u>\$ 266,082</u>

Total interest expense incurred on the direct borrowings identified above for the year ended June 30, 2023 was \$71,416.

NOTE 4 – LONG-TERM LIABILITIES (Continued)

A. 2017 Lease Financing Direct Borrowings

In June 2017, the District entered into a lease agreement with Local Facilities Financing Corporation (the Corporation) to finance the purchase of real property and capital improvements to District facilities as part of the bond issuance of \$4,470,000 in Direct Borrowings. Under the terms of the agreement, the District will lease the Rex Phebus Veterans Memorial Building to the Corporation in exchange for an up-front rental payment sufficient to enable the District to finance the purchase. The Corporation will lease the building back to the District in consideration for the payment by the District of semiannual lease payments as rental for the leased property, which the Corporation will assign to Branch Banking and Trust Company. The lease agreement contains a provision that, in the event of default, the outstanding principal balance and accrued interest shall become due and payable immediately. The District will also be liable for any costs the Corporation incurs to re-lease the property. Lease payments bear interest at 2.74% and are paid semi-annually in July and January, beginning July 2017. Lease payments to be made by the District to maturity of the agreement are as follows:

Lease Financing			
Fiscal Year	Principal	Interest	Total
2024	\$ 220,000	\$ 62,856	\$ 282,856
2025	226,000	56,787	282,787
2026	232,000	50,553	282,553
2027	238,000	44,155	282,155
2028	245,000	37,593	282,593
2029-2033	<u>1,188,000</u>	<u>82,707</u>	<u>1,270,707</u>
Total	<u>\$ 2,349,000</u>	<u>\$ 334,651</u>	<u>\$ 2,683,651</u>

B. Reimbursement Agreement Direct Borrowings

During the fiscal year ended June 30, 2022, the District entered into an agreement with the City of Clovis (the City) which calls for the reimbursement of the City for capital improvements to the District’s properties that were paid for and constructed by the City. The agreement calls for equal annual payments to the City with no stated interest due on or before July 15 each year. The agreement does not include any specific acceleration clauses and default will be considered for nonpayment or late payments only after the City provides the District notice of default in writing ten days prior to declaring default.

Payments to be made by the district to maturity of the agreement are as follows:

Reimbursement Agreement	
Fiscal Year	Principal
2024	\$ -
2025	12,160
2026	12,160
2027	12,160
2028	12,160
2029-2031	<u>36,484</u>
Total	<u>\$ 85,124</u>

NOTE 4 – LONG-TERM LIABILITIES (Continued)

C. Subscription Liability

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The District has one software arrangement that requires recognition under GASB No. 96. The District now recognizes subscription-based information technology arrangement (SBITA) liabilities and intangible right-to-use software arrangement assets for an accounting software. The software amortization expense is included within expenditures on the Statement of Activities related to the District’s SBITAs, which are included as intangible right-to-use software arrangements in the District’s capital assets.

The District has an accounting software arrangement with an eight-year term, initiated in fiscal year 2021 with annual payments that range from \$23,680 to \$34,500. An initial SBITA liability was recorded in the amount of \$200,822 during fiscal year 2023. As of June 30, 2023, the value of the SBITA liability was \$140,550. The District has used a 3.50% discount rate for this arrangement, which was the prime rate at the inception of the subscription arrangement. The value of the right-to-use software as of the end of the current fiscal year was \$200,822 and had accumulated amortization of \$75,313. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability.

A summary of future subscription payments under the SBITA agreement is as follows:

Subscription Liability			
Fiscal Year	Principal	Interest	Total
2024	\$ 23,041	\$ 4,919	\$ 27,960
2025	25,487	4,113	29,600
2026	28,029	3,221	31,250
2027	30,660	2,240	32,900
2028	33,333	1,167	34,500
Total	<u>\$ 140,550</u>	<u>\$ 15,660</u>	<u>\$ 156,210</u>

NOTE 5 – RETIREMENT PLAN

A. Plan Description

Plan Administration

The Fresno County Employees’ Retirement Association (FCERA) was established by the County of Fresno Board of Supervisors on January 1, 1945. FCERA is administered by the Board of Retirement and governed by the County Employees’ Retirement Law of 1937 (California Government Code Section 31450 et. Seq.). FCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the General and Safety members employed by the County of Fresno. FCERA also provides retirement benefits to the employee members of the Superior Court County of Fresno, Clovis Veterans Memorial District, Fresno-Madera Area Agency on Aging and Fresno Mosquito and Vector Control District.

NOTE 5 – RETIREMENT PLAN (Continued)

A. Plan Description (Continued)

Plan Administration (Continued)

The management of FCERA is vested with the FCERA Board of Retirement. The Board consists of nine members and one alternate. The County Treasurer is elected by the general public and a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two active members are elected by the General members; one active member is elected by the Safety members; one retired member and one alternate are elected by the retired members. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his/her term as County Treasurer.

Plan membership — At June 30, 2021, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,175
Vested terminated members entitled to buy not yet receiving benefits ⁽¹⁾	4,848
Active members	<u>7,466</u>
Total	<u><u>20,489</u></u>

⁽¹⁾ Includes terminated members due a refund of member contributions

Benefits Provided

FCERA provides service retirement, disability, death, and survivor benefits to the District’s eligible employees. All regular full-time employees and permanent part-time employees who work 50% or more for the District become members of FCERA effective on the first day of the first full pay period after employment in a permanent position. There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, fire suppression, and district attorney investigators. All other employees are classified as General members. The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. The tiers and their basic provisions for the District are listed below:

Tier Name	Effective Date	Basic Provisions	Final Average Salary Period
General Tier 1	January 1, 2001	2.5% at 55; Maximum 3% COLA	Highest 1-year
General Tier 5	January 1, 2013	2.5% at 67; No COLA	Highest 3-years

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 5 and is subject to the provisions of California Public Employees’ Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq.

General members enrolled in Tier 1, 2, 3, or 4 are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members enrolled in General Tier 5 are eligible to retire once they have attained the age of 70 regardless of service or at age 52 and have acquired five years of retirement service credit.

For members enrolled in Tier 1, 2, 3, or 4, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 5. However, for members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2020 is equal to \$126,291 for those enrolled in Social Security (\$151,549 for those not enrolled in Social Security). This limit is adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

NOTE 5 – RETIREMENT PLAN (Continued)

A. Plan Description (Continued)

Benefits Provided (Continued)

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the member’s date of death and the surviving spouse or domestic partner has attained age 55 on or prior to the member’s date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

FCERA provides an annual cost-of-living benefit to all retirees in Tier 1, 2, or 3. The cost-of-living adjustment, based upon the Consumer Price Index for the West Region (with 1982-84 as the base period), is capped at 3.0%.

B. Contributions

The County of Fresno and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from FCERA’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2021 valuation) was 54.28% of compensation.

Members are required to make contributions to FCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2021 valuation) was 9.06% of compensation.

For the year ended June 30, 2023, the employer contributions recognized as part of pension expense for the Plan were \$230,853.

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

As of June 30, 2023, the District reported net pension liabilities of \$1,229,120 for its proportionate share of the net pension liability of FCERA.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.1140%
Proportion - June 30, 2022	0.1240%
Change - Increase (Decrease)	0.0100%

NOTE 5 – RETIREMENT PLAN (Continued)

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

For the year ended June 30, 2023 the District recognized pension expense of \$198,081. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 210,070	\$ -
Changes in assumptions	103,982	6,866
Differences between actual and expected experience	11,402	71,459
Net differences between projected and actual earnings on plan investments	350,063	-
Change in employer's proportion	-	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	<u>90,399</u>	<u>9,046</u>
 Total	 <u>\$ 765,916</u>	 <u>\$ 87,371</u>

\$210,070 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as follows:

Year Ending June 30		
2024	\$	131,085
2025		109,445
2026		9,318
2027		218,627
2028		-
Thereafter		-

NOTE 5 – RETIREMENT PLAN (Continued)

D. Actuarial Valuation Assumptions

The Total Pension Liability (TPL) as of June 30, 2022 and 2021 were determined by actuarial valuations as of June 30, 2021 and 2020, respectively. The actuarial assumptions used were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. They are the same assumptions used in the June 30, 2021 funding valuation for FCERA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll (3.25% payroll growth assumed)
Remaining amortization period	UAAL established as of June 30, 2003 is amortized over a declining period (with 13 years remaining as of the June 30, 2020 valuation which set the rates for the 2021-2022 fiscal year) plus 15 years (declining) for UAAL due to actuarial gains or losses, changes in actuarial assumptions or plan amendments (1) established on each subsequent valuation.
Asset valuation method	The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.

Actuarial assumptions:

June 30, 2020 valuation
(for year ended 2022 ADC)

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.75%
Administrative expenses	1.20% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Projected salary increases ⁽¹⁾	General: 4.10% to 12.00% and Safety: 4.50% to 11.50%, varying by service, including inflation
Cost of living adjustments	Increases of 2.75% per year for General Tiers 1, 2 and 3 and Safety Tiers 1 and 2, 0.00% for General Tiers 4 and 5 and Safety Tiers 4 and 5
Other assumptions	The same as those used in the June 30, 2020 funding actuarial valuation

⁽¹⁾ Includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases.

NOTE 5 – RETIREMENT PLAN (Continued)**E. Discount Rate**

The discount rate used to measure the TPL was 6.50% for both June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only 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 for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected 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.

F. 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 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, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2022 is summarized in the following table. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	22.5%	5.39%
Small Cap Equity	5.5%	6.58%
Developed International Large Cap Equity	12.5%	6.39%
Developed International Small Cap Equity	3.0%	5.64%
Emerging Market Equity	5.5%	8.60%
Core Bonds	15.0%	0.83%
High Yield Bonds	2.0%	3.06%
Bank Loan	2.0%	2.73%
Global Sovereign	4.0%	-0.73%
Local Emerging Market Debt	3.0%	2.72%
Core Real Estate	4.0%	5.01%
Private Credit	8.0%	5.02%
Private Equity	6.0%	10.00%
Value Add Real Estate	1.5%	7.10%
Opportunistic Real Estate	1.5%	9.80%
Infrastructure	4.0%	7.60%
Total	100%	

NOTE 5 – RETIREMENT PLAN (Continued)

G. Discount Rate Sensitivity

The following presents Net Pension Liability (NPL) of the District as of June 30, 2023, calculated using the discount rate of 6.50%, as well as what the District’s NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate.

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
District's proportionate share of the net pension liability	\$ 2,155,457	\$ 1,229,120	\$ 469,227

H. Pension Plan Fiduciary Net Position

Detailed information about the FCERA’s fiduciary net position is available in a separately issued FCERA annual comprehensive report, which may be obtained on the internet by visiting <https://fresnocountyretirement.org/>, by writing them at 7772 N. Palm Ave., Fresno CA 93711, or calling them at (559) 457-0681.

I. Payable to the Pension Plan

At June 30, 2023, the District did not have a payable for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 6 – INSURANCE COVERAGES

The District has the following coverages in force as of June 30, 2023:

Liability Limits:

General Liability, Automobile Liability and Errors & Omissions	\$1,000,000 per occurrence
Employment Practices Liability	\$10,000,000 per occurrence
Excess Liability	\$29,000,000 per occurrence
Workers Compensation	\$5,000,000 any one loss
Excess Worker’s Compensation	Statutory coverage for WC and \$500,000 For Employers Liability

Property Limits:

Property Damage	\$10,000 any one loss
Boiler & Machinery	\$100,000,000 per occurrence
All Risk Property Insurance	\$1,000,000,000 per occurrence
Auto Physical Damage Program	\$25,000 per accident
Business Travel Accident	\$150,000 per accident
Group Fidelity	\$1,000,000 Employee Theft
	\$1,000,000 Employee Faithful Performance
	\$1,000,000 Depositors Forgery or Alteration

NOTE 7 – CONTINGENCIES

In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

NOTE 8 – RESTATEMENT OF BEGINNING FUND BALANCE

A. Implementation of GASB 96

The beginning net position for Governmental Activities has been restated as a result of the implementation of the Governmental Accounting Standards Board, Statement No. 96, *Subscription Based Information Technology Arrangements* (SBITAs). The beginning fund balance of the general fund financial statements was also restated to conform to this presentation.

B. Prior Period Adjustment

During the current fiscal year, management became aware that multiple account balances were misstated in the General Fund. Management recorded prior period adjustments to correct these errors.

A summary of the original net position and effects of the correction are noted below.

	Governmental Funds	Government-Wide Governmental Activities
	<u>General Fund</u>	<u>Activities</u>
Fund balance/net position, June 30, 2022, as previously reported	\$ 8,799,786	\$ 31,175,893
Prior period adjustments:		
Understatement of long-term liabilities	(12,160)	-
Overstatement of current liabilities	110,828	110,828
Understatement of cash	44,408	44,408
Total prior period adjustments	<u>143,076</u>	<u>155,236</u>
Change in accounting principle:		
Implementation of GASB 96 (SBITAs)	-	(9,046)
Total change in accounting principle	<u>-</u>	<u>(9,046)</u>
Fund balance/net position, July 1, 2022, as restated	<u>\$ 8,942,862</u>	<u>\$ 31,322,083</u>

REQUIRED SUPPLEMENTARY INFORMATION

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

General Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 3,585,000	\$ 3,585,000	\$ 4,161,387	\$ 576,387
Intergovernmental	-	-	80,000	80,000
Investment earnings	50,000	50,000	131,505	81,505
Building fees and miscellaneous	536,500	536,500	926,866	390,366
Total revenues	4,171,500	4,171,500	5,299,758	1,128,258
EXPENDITURES				
Salaries and employee benefits:				
Salaries	1,056,137	1,056,137	979,140	76,997
Payroll taxes	131,663	131,663	77,714	53,949
Retirement	372,860	372,860	235,948	136,912
Insurance	269,000	269,000	171,906	97,094
Employee benefit package	15,000	15,000	7,260	7,740
Total salaries and employee benefits	1,844,660	1,844,660	1,471,968	372,692
Administration:				
Accounting	35,000	35,000	33,165	1,835
Advertising	125,000	125,000	110,604	14,396
Association membership	12,000	12,000	11,321	679
Bank charges	750	750	375	375
Communication	20,501	20,501	20,011	490
Consulting	60,000	60,000	61,096	(1,096)
Education	13,050	13,050	9,837	3,213
HR expense	4,000	4,000	3,083	917
Merchant deposit fees	17,500	17,500	24,662	(7,162)
Office expense	112,784	112,784	86,627	26,157
Payroll expense	8,500	8,500	12,971	(4,471)
Miscellaneous	2,500	2,500	3,091	(591)
Total administration	411,585	411,585	376,843	34,742
Activities:				
Christmas activities	5,000	5,000	4,131	869
District recognition	7,000	7,000	7,095	(95)
Memorial Day	18,000	18,000	15,479	2,521
Patriots dinner	15,000	15,000	12,560	2,440
Special events	25,000	25,000	1,951	23,049
Veterans Day	55,000	55,000	49,347	5,653
Miscellaneous activities	3,000	3,000	1,863	1,137
Total activities	128,000	128,000	92,426	35,574

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

General Fund

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
District governance:				
District governance	29,700	29,700	13,296	16,404
Total district governance	29,700	29,700	13,296	16,404
Buildings and grounds:				
Insurance	195,000	195,000	148,070	46,930
Maintenance and equipment	100,000	100,000	115,429	(15,429)
Inventory	44,500	44,500	10,440	34,060
Supplies	43,600	43,600	45,232	(1,632)
Employee uniforms/rugs	8,000	8,000	7,236	764
Utilities	175,000	175,000	219,825	(44,825)
Service	63,400	63,400	52,893	10,507
Total buildings and grounds	629,500	629,500	599,125	30,375
Heritage center exhibits	185,000	185,000	6,395	178,605
Capital improvements	30,000	30,000	693,195	(663,195)
Debt service:				
Principal	214,000	214,000	257,433	(43,433)
Interest	68,760	68,760	74,348	(5,588)
Total debt service	282,760	282,760	331,781	(49,021)
Total expenditures	3,541,205	3,541,205	3,585,029	(43,824)
Excess (deficiency) of revenues over (under) expenditures	630,295	630,295	1,714,729	1,084,434
Net change in fund balance	<u>\$ 630,295</u>	<u>\$ 630,295</u>	1,714,729	<u>\$ 1,084,434</u>
Fund balance - beginning (restated)			<u>8,942,862</u>	
Fund balance - ending			<u>\$ 10,657,591</u>	

NOTE 1 – BUDGETARY INFORMATION

An annual nonappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board just prior to the beginning of the District’s fiscal year. The Board may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts are reported as amended.

The budgetary basis of accounting is consistent with generally accepted accounting principles applicable to the District’s financial statements.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2023, expenditures exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Administration:	
Consulting	\$ (1,096)
Merchant deposit fees	(7,162)
Payroll expense	(4,471)
Miscellaneous	<u>(591)</u>
Total administration	<u>\$ (13,320)</u>
Activities:	
District recognition	\$ (95)
Total activities	<u>\$ (95)</u>
Buildings and grounds:	
Maintenance and equipment	\$ (15,429)
Supplies	(1,632)
Utilities	<u>(44,825)</u>
Total buildings and grounds	<u>\$ (61,886)</u>
Capital improvements	<u>\$ (663,195)</u>
Debt service:	
Principal	\$ (43,433)
Interest	<u>(5,588)</u>
Total debt service	<u>\$ (49,021)</u>

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Proportionate Share of Net Pension Liability

For the Last 10 Years*

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-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.079%	\$ 690,297	\$ 301,313	229.10%	82.71%
2016	0.096%	1,042,901	364,020	286.50%	79.14%
2017	0.102%	1,559,493	394,517	395.29%	72.77%
2018	0.091%	1,187,091	443,055	267.93%	77.46%
2019	0.088%	1,035,685	468,880	220.88%	80.36%
2020	0.082%	922,735	429,925	214.63%	81.58%
2021	0.086%	1,202,796	487,489	246.73%	78.10%
2022	0.089%	415,759	484,336	85.84%	93.15%
2023	0.099%	1,229,120	548,733	223.99%	81.65%

⁽¹⁾ Covered payroll represents payroll on which contributions to the pension plan are based.

Notes to Schedule:

Changes in Benefit Terms - None

Changes in Assumptions - new demographic assumptions adopted for use in the June 30, 2022 valuation and a refinement to the Entry Age Actuarial Cost Method calculation for active members. Before the refinement, eligibility service used to determine entry age was determined primarily using benefit service.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The information presented above relates solely to Clovis Veterans Memorial District and not FCERA as a whole.

CLOVIS VETERANS MEMORIAL DISTRICT | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Contributions
For the Last 10 Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially required contribution (actuarially determined)	\$ 148,388	\$ 130,847	\$ 175,451	\$ 193,182	\$ 177,352	\$ 190,392	\$ 217,152	\$ 244,844	\$ 230,853	\$ 210,070
Contributions in relation to the actuarially determined contributions	<u>(148,388)</u>	<u>(130,847)</u>	<u>(175,451)</u>	<u>(193,182)</u>	<u>(177,352)</u>	<u>(190,392)</u>	<u>(217,152)</u>	<u>(244,844)</u>	<u>(230,853)</u>	<u>(210,070)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 359,610	\$ 301,313	\$ 364,020	\$ 394,517	\$ 443,055	\$ 468,880	\$ 429,925	\$ 487,489	\$ 484,336	\$ 548,733
Contributions as a percentage of covered-employee payroll	41.26%	43.43%	48.20%	48.97%	40.03%	40.61%	50.51%	50.23%	47.66%	38.28%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The information presented above relates solely to Clovis Veterans Memorial District and not FCERA as a whole.



**INDEPENDENT AUDITOR'S 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 Directors
Clovis Veterans Memorial District
Clovis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Clovis Veterans Memorial District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated January 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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.

Price Pange & Company

Clovis, California
January 4, 2024

FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified -
not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Financial Close and Reporting Process (Material Weakness)

- Condition:** The District did not properly record or adjust multiple accounts during the year-end closing process. We identified these errors during our audit and proposed necessary accounting entries to correct the balances of these accounts. Management agrees with our adjustments and will post the entries to ensure the District’s trial balance reconciles to the issued financial statements.
- Criteria:** A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- Cause:** Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation.
- Effect:** As a result of this condition, cash, capital assets, accounts payable, and expenditures were initially misstated by various amounts.
- Recommendation:** The District should enhance its year-end financial close procedures to include the additional steps necessary to ensure proper reconciliation and reporting of all significant account balances, in addition to ensuring there are supporting schedules to support those balances. Detailed reviews should be performed and adequately documented to ensure all activity is recorded in accordance with U.S. GAAP.
- Status:** Implemented.