

December 6, 2023

To the Board of Trustees  
South Santa Clara Valley Memorial District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Santa Clara Valley Memorial District for the fiscal year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Santa Clara Valley Memorial District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022-23, other than recognizing the effects of GASB Statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 4, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the district's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

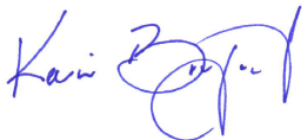
### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This information is intended solely for the use of the Board of Trustees and management of South Santa Clara Valley Memorial District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Kevin Brejnak, CPA, CFE

**SOUTH SANTA CLARA VALLEY  
MEMORIAL DISTRICT**

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

**For the Fiscal Year Ended  
June 30, 2023**

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

*For the Fiscal Year Ended June 30, 2023*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
South Santa Clara Valley Memorial District  
Gilroy, California

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 4, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



December 4, 2023

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Management's Discussion and Analysis (Unaudited)*

### *For the Fiscal Year Ended June 30, 2023*

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

#### **FINANCIAL HIGHLIGHTS**

- District's net position increased by approximately 19.1% compared to the prior fiscal year.
- The District had an operating gain of \$157,333.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The financial statements accompanying this MD&A present the net position and results of operations during the fiscal year ending June 30, 2023. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

#### **REPORTING THE DISTRICT AS A WHOLE**

##### **The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our veterans and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the services and the safety of our facilities will likely be an important component in this evaluation.

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**REQUIRED FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements**

The fund financial statements provide detailed information about the District's General Fund. The District's basic services are reported in this fund, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. The fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION**

**Analysis of Net Position**

**Table A-1: Condensed Statement of Net Position**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>ASSETS</b>			
Current assets	\$ 699,213	\$ 532,124	\$ 167,089
Capital assets, net	<u>288,764</u>	<u>311,941</u>	<u>(23,177)</u>
Total assets	<u>987,977</u>	<u>844,065</u>	<u>143,912</u>
<b>LIABILITIES</b>			
Current liabilities	<u>7,643</u>	<u>21,064</u>	<u>(13,421)</u>
Total liabilities	<u>7,643</u>	<u>21,064</u>	<u>(13,421)</u>
<b>NET POSITION</b>			
Net investment in capital assets	288,764	311,941	(23,177)
Unrestricted	<u>691,570</u>	<u>511,060</u>	<u>180,510</u>
Total net position	<u>\$ 980,334</u>	<u>\$ 823,001</u>	<u>\$ 157,333</u>

At the end of fiscal year 2022-23, the District shows a balance in its unrestricted net position of \$691,570. This amount represents the accumulated results of all past years' operations.



**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-2: Condensed Statements of Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>Program revenue</b>	\$ 160,270	\$ 155,215	\$ 5,055
<b>Expenses</b>	<u>206,552</u>	<u>174,295</u>	<u>32,257</u>
Net program expense	(46,282)	(19,080)	(27,202)
<b>General revenues</b>	<u>203,615</u>	<u>187,164</u>	<u>16,451</u>
Change in net position	157,333	168,084	(10,751)
<b>Net position</b>			
Beginning of year	823,001	654,917	168,084
End of year	<u>\$ 980,334</u>	<u>\$ 823,001</u>	<u>\$ 157,333</u>

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers to the nature and source of these changes. The main factors in the change in net position is increased revenue from service fees, charges, and property taxes which surpassed its expenses.

**Table A-3: Total Revenues**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Program revenues:</b>			
Charges for services	\$ 160,270	\$ 155,215	\$ 5,055
Total program revenues	<u>160,270</u>	<u>155,215</u>	<u>5,055</u>
<b>General revenues:</b>			
Property taxes	199,246	186,376	12,870
Investment earnings	<u>4,369</u>	<u>788</u>	<u>3,581</u>
Total general revenues	<u>203,615</u>	<u>187,164</u>	<u>16,451</u>
<b>Total revenues</b>	<u>\$ 363,885</u>	<u>\$ 342,379</u>	<u>\$ 21,506</u>

Total revenue from all sources increased by 6.3%, or \$21,506, from the prior year due to increases in property tax assessments, and increased charges for services from rental revenues and donations.

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-4: Total Expenses**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Expenses:</b>			
Salaries and benefits	\$ 91,859	\$ 67,777	\$ 24,082
Insurance	-	7,605	(7,605)
Janitorial	22,042	23,188	(1,146)
Supplies and materials	6,399	8,554	(2,155)
Professional services	12,566	20,428	(7,862)
Repairs and maintenance	17,026	11,776	5,250
Utilities	24,048	13,587	10,461
Other	9,435	4,162	5,273
Depreciation	23,177	17,218	5,959
	<u>\$ 206,552</u>	<u>\$ 174,295</u>	<u>\$ 32,257</u>

Total expenses for the District's operations increased by 18.5%, or \$32,257, from the prior year due to increased operational needs.

**CAPITAL ASSETS**

Net capital assets as restated decreased by \$23,177 from the prior year due to current year completion of the bathroom renovations project offset by depreciation during the fiscal year.

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

	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>
<b>Capital assets:</b>		
Land	\$ 8,020	\$ 8,020
Depreciable assets	868,430	868,430
Accumulated depreciation	<u>(587,686)</u>	<u>(564,509)</u>
	<u>\$ 288,764</u>	<u>\$ 311,941</u>

**ANALYSIS OF INDIVIDUAL DISTRICT FUNDS**

**General Operating Fund**

Total budgeted revenues for the fiscal year show expenditures exceeding revenues by \$199,896. The actual results for the year show revenues exceeding expenditures by \$180,510. Higher than anticipated revenues and lower than projected spending led to an ending fund balance of \$691,570.

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**SIGNIFICANT ACCOMPLISHMENTS AND FACTORS BEARING ON FUTURE**

Fiscal Year 2022-23 marked the beginning of a rebirth for the Gilroy Vets Hall. While the building was built in 1951, many community members still weren't aware of what the District offers here. But in the Fall of 2022, more of the local community learned about the Vets Hall. First, Gilroy Leadership's service project to fundraise for the Hall's capital improvements not only raised \$67,066, but also increased overall awareness of the facility and its services. Their younger and influential membership exposed the facility to a new audience.

In addition, the District's coordination of more visible community events, such as the Gilroy Veterans Day Parade, Women in Service Girl Scout Project and the Welcome Home Vietnam Vets event, increased awareness of the facility and our services. Finally, a series of murals made the building more inviting and ultimately put the Hall on the map. Inside, a local artist created a tribute to our fallen soldiers with a folded flag mural, added color to the restrooms with a waving flag, brought attention to the Vets Club with a new sign and mural, added signage to the flag retirement box and finished in June with the impressive 100' x 13' Home of the Brave mural on the exterior of the building. Located on a busy cross street, the mural demands attention and has resulted in an increase of veterans stopping in to learn more about the facility, as well as increased interest in hall rentals by the general public.

Staff has also coordinated a variety of programs, including a Vets Pantry, Veterans Benefit Days twice a month, annual Resource Fairs, and "Vets and Tech" to help veterans learn to use their phones, tablets, laptops and even hearing aids. With the increased awareness of the Hall, more veterans are utilizing these services.

While the full effect of the exterior mural won't be realized until the next fiscal year, the rentals during FY22-23 continued to increase, up 50% over the previous full fiscal year. It also marked the highest number of rentals year to date. However, the increase in rentals came in more of the lower priced rentals, such as meetings, four-hour private parties, and memorials, instead of the high-priced, eight-hour private parties. There is also an increase of venue options for these high-end parties, such as vineyards, private residences/farms and restaurants increasing their service offerings.

With a commercial kitchen, the Vets Hall can better compete with all the other rental venues. Currently, only private events can serve food here. Public events, such as fundraisers, like bingo can't serve food. It also prevents a revenue stream of renting the kitchen to local chefs, for small, private catering jobs.

With the ultimate goal of \$325,000, fundraising for a full kitchen remodel began in earnest in FY21-22. With COVID relief money, the Gilroy Foundation contribution, and other private donations, nearly \$200,000 (61% of the goal as of June 30, 2023) has been raised to date for the kitchen. Planning for the remodel has begun in earnest.

The District enters FY23-24 enthusiastically for several reasons. First and foremost, the staff's long-time effort to make the Vets Hall a vital part of the community is finally paying off. Rentals, donations and general awareness of the facility continue to increase, As the District moves closer to the dream of a remodeled kitchen, the enthusiasm and positive results also grows. The District will continue to find ways to service its mission to provide a quality, first-class facility for all residents in the District's service area, including members of the armed services, non-profit organizations and the general public.

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Executive Director at South Santa Clara Valley Memorial District, 74 West Sixth Street, Gilroy, California, 95020, or e-mail at [sscvmd@gmail.com](mailto:sscvmd@gmail.com).

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Statement of Net Position*  
*June 30, 2023*

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	Governmental Activities
<b>ASSETS</b>	
Deposits and investments	\$ 696,876
Accounts receivable	2,337
Capital assets, net of accumulated depreciation	<u>288,764</u>
Total assets	<u>987,977</u>
<b>LIABILITIES</b>	
Accounts payable	5,693
Unearned revenue	<u>1,950</u>
Total liabilities	<u>7,643</u>
<b>NET POSITION</b>	
Net investment in capital assets	288,764
Unrestricted	<u>691,570</u>
Net position	<u><u>\$ 980,334</u></u>

## SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

### Statement of Activities

For the Fiscal Year Ended June 30, 2023

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	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Community services:	
Salaries and benefits	\$ 91,859
Janitorial	22,042
Supplies and materials	6,399
Professional services	12,566
Repairs and maintenance	17,026
Utilities	24,048
Other	9,435
Depreciation	<u>23,177</u>
Total expenses	<u>206,552</u>
<b>PROGRAM REVENUES</b>	
Charges for current services	<u>160,270</u>
Net program revenues (expenses)	<u>(46,282)</u>
<b>GENERAL REVENUES</b>	
Property taxes	199,246
Interest income	<u>4,369</u>
Total general revenues	<u>203,615</u>
Change in net position	157,333
Net position, July 1, 2022, as originally stated	<u>\$ 790,573</u>
Adjustment for restatement (Note 7)	32,428
Net position, July 1, 2022, as adjusted	<u>823,001</u>
Net position, June 30, 2023	<u><u>\$ 980,334</u></u>

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2023*

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	<b>General Fund</b>
<b>ASSETS</b>	
Deposits and investments	\$ 696,876
Accounts receivable	<u>2,337</u>
Total assets	<u><u>\$ 699,213</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	\$ 5,693
Unearned revenue	<u>1,950</u>
Total liabilities	<u>7,643</u>
<b>Fund balance</b>	
Unassigned	<u>691,570</u>
Total fund balances	<u>691,570</u>
Total liabilities and fund balances	<u><u>\$ 699,213</u></u>

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

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

*June 30, 2023*

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**Total fund balances - governmental funds** \$ 691,570

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

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

Cost of capital assets:	\$ 876,450	
Accumulated depreciation:	<u>(587,686)</u>	
Capital assets, net of depreciation		<u>288,764</u>

**Total net position - governmental activities** \$ 980,334



**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

*Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds*

*For the Fiscal Year Ended June 30, 2023*

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	<b>General Fund</b>
<b>REVENUES</b>	
Property taxes	\$ 199,246
Rental income	55,567
Interest income	4,369
Other local sources	<u>104,703</u>
 Total revenues	 <u>363,885</u>
 <b>EXPENDITURES</b>	
Current - community services	
Salaries and benefits	91,859
Janitorial	22,042
Supplies and materials	6,399
Professional services	12,566
Repairs and maintenance	17,026
Utilities	24,048
Other	<u>9,435</u>
 Total expenditures	 <u>183,375</u>
 Net change in fund balances	 180,510
 <b>FUND BALANCE</b>	
Balance, July 1, 2022	<u>511,060</u>
 Balance, June 30, 2023	 <u><u>\$ 691,570</u></u>

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

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

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**Net change in fund balances - total governmental funds** \$ 180,510

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

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

Expenditures for capital outlay	-	
Depreciation expense	<u>(23,177)</u>	
Net:		<u>(23,177)</u>

**Change in net position - governmental activities** \$ 157,333

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Reporting Entity**

The South Santa Clara Valley Memorial District (the District) was formed on August 26, 1946 and operated under Division 6, Chapter 1, commencing at Section 1170 of the Military and Veterans' Code of the State of California. The District owns and maintains a building at 74 West Sixth Street, Gilroy, for the use of veterans in the District. Local posts of the American Legion, Veterans of Foreign Wars and auxiliaries of these groups use the building. These organizations have formed a Bar Council, which operates the bar and clubroom in the building. The District area is generally bounded on the North by an Easterly prolongation of Church Avenue and on the East, South and West by the Santa Clara County line.

#### **Reporting Entity Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary. The District has only a governmental fund category.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District operates only one general fund.

**General Fund** The General Fund is the chief and only operating fund for the District. It is used to account for the ordinary operations of the District. All transactions are accounted for in this fund.

#### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District combined its depreciation indirect expenses to its only function, community services, in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

#### **Government-Wide and Fund Financial Statements (continued)**

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Fund Financial Statements** Fund financial statements report detailed information about the District.

**Governmental Fund** The District operates only one governmental fund, the General Fund. The fund is accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, such as property taxes. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental fund as expenditures. Allocations of costs, such as depreciation, are not recognized in the governmental fund but are recognized in the entity-wide statements.

#### **Investments**

Investments held at June 30, 2023, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county are determined by the program sponsor.

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

#### **Prepaid Expenditures (Expenses)**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

#### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental fund and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

#### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full of current financial resources are reported as obligations of the governmental fund.

However, long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

#### **Spending Order Policy**

When an expenditure is incurred for purposes by which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

#### **Minimum Fund Balance Policy**

In fiscal year 2013-14, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a reserve for emergency, capital improvement and election costs of unassigned amounts equal to no less than 50 percent of General Fund expenditures.

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

#### **Fund Balances - Governmental Fund**

As of June 30, 2023, fund balances of the governmental fund is classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District currently has restricted funds for capital improvements and emergencies in the reserve fund.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes. The District currently does not have any assigned funds.

**Unassigned** - all other spendable amounts.

#### **Net Position**

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has no related debt outstanding as of June 30, 2023. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. All of the District's net position is unrestricted as of June 30, 2023.

#### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

## *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

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

#### **Budgetary Data**

The District's governing board approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the governing board. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

#### **Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

## SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2023

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#### NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments at June 30, 2023, are reported at fair value and consisted of the following:

Cash on hand and in banks	\$	563,316
Investments in the County Treasury		<u>133,560</u>
Total cash	\$	<u><u>696,876</u></u>

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	5 years
U.S. Agency Securities	5 years
Insured or Collateralized Certificates of Deposit	5 years
State of California Local Agency Investment Fund	N/A
Local Government Investment Pools	N/A
Money Market Funds	N/A
Passbook Savings and Money Market Accounts	N/A



## **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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#### **NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer. The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

#### **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 County Treasury Pool. The fair value of the deposits with the County Treasury at June 30, 2023, was \$133,560 and the weighted average of the pool was 629 days.

#### **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County Pool are not rated as of June 30, 2023.

#### **Custodial Credit Risk - Deposits**

This 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 agency. As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk.

#### **Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. As of June 30, 2023, the District's investment portfolio is not exposed to custodial credit risk because the portfolio consists exclusively of investments in the Santa Clara County Investment Pool. Investments in governmental external investment pools are not considered to have exposure to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

#### **Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Investments in the Santa Clara County Treasury Investment Pool are uncategorized because transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value.

**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Notes to Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 3 – ACCOUNTS PAYABLE AND ACCRUED PAYROLL**

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

Accounts payable	\$ 1,361
Accrued payroll	<u>4,332</u>
	<u>\$ 5,693</u>

**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance July 1, 2022	Adjustments for Restatements	Adjustments Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
<b>Capital assets not being depreciated:</b>						
Land	\$ 8,020	\$ -	\$ 8,020	\$ -	\$ -	\$ 8,020
Total capital assets not being depreciated	<u>8,020</u>	<u>-</u>	<u>8,020</u>	<u>-</u>	<u>-</u>	<u>8,020</u>
<b>Capital assets being depreciated:</b>						
Building & improvements	706,424	105,436	811,860	-	-	811,860
Furniture & equipment	44,883	11,687	56,570	-	-	56,570
Total capital assets being depreciated	<u>751,307</u>	<u>117,123</u>	<u>868,430</u>	<u>-</u>	<u>-</u>	<u>868,430</u>
<b>Accumulated depreciation for:</b>						
Building & improvements	(434,931)	(78,201)	(513,132)	(20,840)	-	(533,972)
Furniture & equipment	(44,883)	(6,494)	(51,377)	(2,337)	-	(53,714)
Total accumulated depreciation	<u>(479,814)</u>	<u>(84,695)</u>	<u>(564,509)</u>	<u>(23,177)</u>	<u>-</u>	<u>(587,686)</u>
Total capital assets being depreciated, net	<u>271,493</u>	<u>32,428</u>	<u>303,921</u>	<u>(23,177)</u>	<u>-</u>	<u>280,744</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 279,513</u>	<u>\$ 32,428</u>	<u>\$ 311,941</u>	<u>\$ (23,177)</u>	<u>\$ -</u>	<u>\$ 288,764</u>

Depreciation expense amounted to \$23,177 for the fiscal year ended June 30, 2023, and was charged to the community services function.

**NOTE 5 – FUND BALANCE**

At June 30, 2023, the District's General Fund ended the year with an unassigned fund balance of \$691,570. Of the unassigned amount, District board policy requires 50% of the subsequent years budgeted general fund expenditures to be held in reserve and earmarked for emergencies. Additionally, the District is collecting donations for capital improvements which are accumulated in the unassigned fund balance.

## **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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#### **NOTE 6 – COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTIES**

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

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

#### **NOTE 7 – RESTATEMENT OF PRIOR YEAR NET POSITION**

During the 2022-23 fiscal year, the District performed an audit of its capital asset and depreciation records. As a result, the District determined that its solar panels acquired in 2009 were not included in the building and improvements listing. Additionally, the District noted that its security camera system acquired in 2019 and its Hobart ice machine acquired in 2020 were not included in the furniture and equipment listing. The following table describes the effects on the Districts net position:

	<u>Governmental Activities</u>
Beginning Net Position - Government-Wide as Previously Reported at June 30, 2022	\$ 790,573
Buildings & Improvements	105,436
Furniture & Equipment	11,687
Accumulated Depreciation - Buildings & Improvements	(78,201)
Accumulated Depreciation - Furniture & Equipment	<u>(6,494)</u>
Net Position - Government-Wide restated at July 1, 2022	<u>\$ 823,001</u>

#### **NOTE 8 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2023 have been evaluated through December 4, 2023, the date at which the District's audited financial statements were available to be issued. No events requiring disclosures other than the one described above have occurred through this date.

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***Required Supplementary Information***

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**SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2023*

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 150,000	\$ 150,000	\$ 199,246	\$ 49,246
Rental income	55,000	55,000	55,567	567
Interest income	300	300	4,369	4,069
Other local sources	150,000	150,000	104,703	(45,297)
Total revenues	<u>355,300</u>	<u>355,300</u>	<u>363,885</u>	<u>8,585</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	92,200	92,200	91,859	341
Insurance	8,005	8,005	-	8,005
Janitorial	21,734	21,734	22,042	(308)
Supplies and materials	5,000	5,000	6,399	(1,399)
Professional services	19,200	19,200	12,566	6,634
Repairs and maintenance	15,460	15,460	17,026	(1,566)
Utilities	13,535	13,535	24,048	(10,513)
Other	80,062	80,062	9,435	70,627
Capital Outlay	300,000	300,000	-	300,000
Total expenditures	<u>555,196</u>	<u>555,196</u>	<u>183,375</u>	<u>371,821</u>
Net change in fund balances	(199,896)	(199,896)	180,510	380,406
<b>FUND BALANCE</b>				
Balances, July 1, 2022	<u>511,060</u>	<u>511,060</u>	<u>511,060</u>	
Balances, June 30, 2023	<u>\$ 311,164</u>	<u>\$ 311,164</u>	<u>\$ 691,570</u>	

# SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2023*

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## NOTES TO SCHEDULE

### **Budgetary Comparison Schedule**

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

### **Excess of Expenditures Over Appropriations**

At June 30, 2023, the District incurred excess of expenditures over appropriations in the General Fund as follows:

<u>Appropriations Category</u>	<u>Amount</u>
Current:	
Janitorial	\$ 308
Supplies and materials	1,399
Repairs and maintenance	1,566
Utilities	10,513

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***Other Independent Auditors' Report***

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

Board of Trustees  
South Santa Clara Valley Memorial District  
Gilroy, 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 South Santa Clara Valley Memorial District as of and for fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise South Santa Clara Valley Memorial District's basic financial statements, and have issued our report thereon dated December 4, 2023.

**Internal Control Over Financial Reporting**

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

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

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



**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Kevin R. [unclear] CPA". The signature is written in a cursive style.

December 4, 2023