

VISALIA PUBLIC CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

VISALIA PUBLIC CEMETERY DISTRICT

VISALIA, CALIFORNIA

JUNE 30, 2022

MEMBER	OFFICE	TERM EXPIRES
Tom Johnson	Chair	January 2024
Geneva Philpot	Vice Chair	January 2024
George Ouzounian	Secretary	January 2024
Rosalinda Verde Alexander	Trustee	January 2022
Tom Link	Trustee	January 2024

ADMINISTRATION

Cindy Summers (Resigned December (2022)

District Manager

ORGANIZATION

The Visalia Public Cemetery District was formed in October 1916 to provide burial spaces and internment services. The District encompasses eighty acres of actual burial land with additional expansion property owned for future cemetery development and use.

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VISALIA PUBLIC CEMETERY DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Visalia Public Cemetery District
Visalia, California

REPORT ON THE FINANCIAL STATEMENTS

Opinions

We have audited the financial statements of the governmental activities and each major fund of Visalia Public Cemetery District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Visalia Public Cemetery District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of Visalia Public Cemetery District, as of June 30, 2022, and the respective changes in financial position thereof 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 ("GAAS") 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 Visalia Public Cemetery District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.³

Responsibilities of Management for the Financial Statements

Visalia Public Cemetery District's 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 Visalia Public Cemetery District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

RT DENNIS
ACCOUNTANCY

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 GAAS 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 GAAS 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 Visalia Public Cemetery District's internal control. Accordingly, no such opinion is expressed.⁵
- ❖ 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 Visalia Public Cemetery District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other postemployment schedules on pages 5–10 and 35–38, respectively, 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 June 9, 2023 on our consideration of Visalia Public Cemetery 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.¹¹ 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 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 Visalia Public Cemetery District’s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "R. J. Dennis Accountancy". The signature is written in a cursive style and is underlined with a single blue line.

June 9, 2023

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Visalia Public Cemetery District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position decreased almost \$0.4 million over the course of this year's operations.
- ▶ During the year, the District's revenue of \$1.7 million was less than the \$2.1 million in salaries, benefits, supplies, and other expenses.
- ▶ The general fund reported an increase in fund balance this year of almost \$0.4 million, largely as a result of \$0.9 million of debt proceeds.
- ▶ The resources available for appropriation were more than budgeted for the general fund, and expenditures exceeded budgeted amounts by about \$0.7 million; this includes increased payroll, services and supplies, and capital outlay.

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

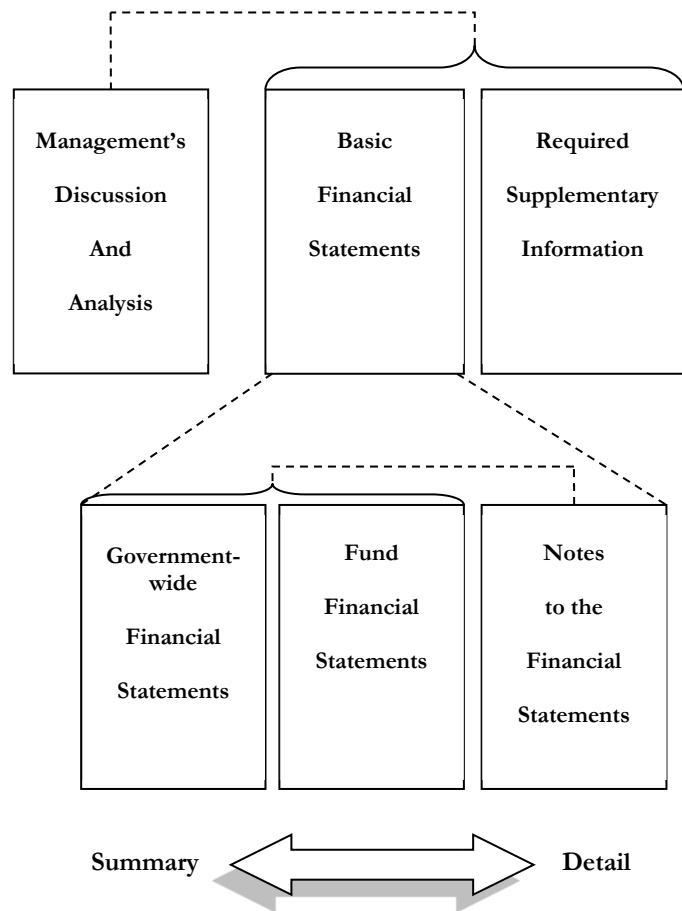
This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

Figure A-1
Required Components of Visalia Public Cemetery District’s Annual Financial Report

Special-purpose governments engaged in a single governmental program include cemetery districts. For such governments, it is still valuable to have both the comprehensive financial information of the governmental activities in the government-wide statements and the predominantly short-term data in the governmental funds statements. However, because there is only a single program, the format of some of the financial statements may seem awkward. With this in mind, the accounting standards allow these kinds of governments to employ alternative forms of presentation that involve combining the government-wide and fund financial statements using a columnar format that reconciles the two kinds of financial data in a separate column on each statement.

The District has prepared a balance sheet/ statement of net position and a combined statement of revenues, expenditures, and changes in fund balances/ statement of activities like a fund statement format.

– The *governmental funds* statements tell how *general government* services like were financed in the *short term* as well as what remains for future spending.



The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with additional federal and state required information, as well as a detail of the nonmajor funds.

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2022

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

Major Features of Visalia Public Cemetery District’s Government-wide and Fund Financial Statements

Figure A-2

Major Features of Visalia Public Cemetery District’s Government-wide and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Fund Statements</u> <u>Governmental Funds</u>
Scope	Entire District government	The activities of the District that are not proprietary or fiduciary
Required financial statements	<ul style="list-style-type: none"> ➤ Statement of net position ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

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

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

Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2022

Some funds are required by State law and by bond covenants. The District Board establishes other funds to control and manage money for particular purposes (like the Veteran’s Wall or Pre-Need) or to show that it is properly using certain revenues and fees taxes and grants (like Veteran’s wall fees and pre-need charges). *Governmental funds*—The District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Financial Analysis of the District As a Whole

Net position. The District’s net position decreased between fiscal years 2021 and 2022—to \$11.3 million. (See Table 1.) This was attributed to mostly to a decrease in financial performance as well as a net increase in liabilities. While non-current assets are up (which include investments and net capital assets) slightly more than liabilities, the pension calculation increased the deferred inflows of resources significantly, which in turn lowered the net position.

Investments are up from proceeds from loan

This is a result of decreasing operating activities
 About significant unrealized losses in investment
 There were staffing increases

Table 1 - Net Position

<i>(\$ amounts in thousands)</i>	2022	2021	\$ Change	% Change
Current and other assets	\$ 1,898	\$ 2,072	\$ (174)	-8%
Non-current assets	10,928	10,178	750	7%
Total Assets	12,826	12,250	576	5%
Deferred outflows of resources	166	167	(1)	-1%
Current liabilities	110	62	48	77%
Non-current liabilities	1,354	654	700	107%
Total Liabilities	1,464	716	748	104%
Deferred inflows of resources	253	41	212	517%
Net position				
Net investment in capital assets	5,705	5,554	151	3%
Restricted	3,660	3,749	(89)	-2%
Unrestricted	1,910	2,357	(447)	-19%
Total Net Position	\$ 11,275	\$ 11,660	\$ (385)	-3%

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2022

Changes in net position. The District’s total revenues decreased by over twenty percent to \$1.7 million. (See Table 2.) Most of the District’s revenue comes from charges for services, and about twelve percent comes from property tax. The rest, comes from investment income (rent, interest, and dividends), and some miscellaneous revenue. Increases in expenses are attributed to increase in pension/OPEB costs and supplies/services. There were staffing increases as well.

Table 2 - Changes in Net Position

<i>(\$ amounts in thousands)</i>	2022	2021	\$ Change	% Change
Program revenue	\$ 1,679	\$ 1,840	\$ (161)	-9%
General revenue	18	366	(348)	-95%
Total Revenue	1,697	2,206	(509)	-23%
Salaries and benefits	1,326	1,029	297	29%
Supplies and services	582	565	17	3%
Other charges	174	117	57	49%
Total Expenses	2,082	1,711	371	22%
Increase/(Decrease) in net position	\$ (385)	\$ 495	\$ (880)	-178%

Financial Analysis of the District’s Funds

As the District completed the year, its governmental funds reported a *combined* fund balance of \$7.1 million. This is up \$0.4 million. The primary reasons for the increases is the proceeds from debt of \$0.9 million.

General Fund Budgetary Highlights

Appropriate inter-fund transfers are being made, with the exception of the preneed to general funds when the preneed becomes at-need. The balance in the preneed fund is less than the liability and the manger and the board have agreed to not transfer funds out on a routine basis until the balance and the liability amounts are the same. Salaries and benefits have increased due to minimum wage increases and premium costs and additional staff.

VISALIA PUBLIC CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2022

Capital Asset and Debt Administration

Capital Assets

The 2021/22 balance had invested \$8.5 million in land, buildings and improvements, as well as various equipment. (See Table 3.) The changes include various equipment purchases and some construction in progress.

Table 3 - Capital Assets

<i>(\$ amounts in thousands)</i>	2022	2021	\$ Change	% Change
Land	\$ 2,348	\$ 2,331	\$ 17	1%
Construction in progress	45	-	45	n/a
Buildings and improvements	5,327	5,255	72	1%
Equipment	791	601	190	32%
Less accumulated depreciation	(2,807)	(2,633)	(174)	7%
Total	\$ 5,704	\$ 5,554	\$ 150	3%

The District’s fiscal year 2023 capital budget has an increase.

Long-Term Debt

At year-end the District had over \$1.4 million in pension liability, an OPEB liability, vacation accrual, and a loan outstanding, which is an increase over last year—as shown in Table 4. More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.

Table 4 - Long-Term Liabilities

<i>(\$ amounts in thousands)</i>	2022	2021	\$ Change	% Change
Vacation accrual	\$ 33	\$ 41	\$ (8)	-20%
OPEB	169	38	131	345%
NPL	255	575	(320)	-56%
Loan	945	-	945	n/a
Less current portion	(48)	-	(48)	n/a
Total	\$ 1,354	\$ 654	\$ 700	107%

Economic Factors and Next Year’s Budgets and Rates

The budget was prepared to address only ongoing monthly and reoccurring activities. Capital spending will be addressed as it is needed as special projects and those dollar amounts will be outside the annual budget.

The 5 year average of burials per year remains close to 499 and the ash to full body burials have remained in the mid 36%. Average income per burial is about \$2,700. Costs for products and services have increased due to COVID and burials expect to be above average for the year.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Visalia Public Cemetery District, 1300 West Goshen Avenue, Visalia, CA 93291.

BASIC FINANCIAL STATEMENTS

VISALIA PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
 JUNE 30, 2022

	General Fund	Pre-Need Fund	Veteran's Wall Fund
ASSETS			
Cash and cash equivalents	\$ 579,878	\$ 222,330	\$ 32,953
Accrued receivables	9,508	62,921	-
Internal balances	(74,259)	70,066	-
Stores inventory	70,009	-	-
Investments	1,838,346	641,873	-
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
Total Assets	2,423,482	997,190	32,953
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	\$ 2,423,482	\$ 997,190	\$ 32,953
LIABILITIES			
Accrued payables	\$ 62,859	\$ -	\$ -
Long-term liabilities, current	-	-	-
Long-term liabilities, non-current	-	-	-
Total Liabilities	62,859	-	-
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	70,292	-	-
Committed	2,230,010	-	-
Assigned	-	997,190	32,953
Unassigned	60,321	-	-
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	2,360,623	997,190	32,953
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION			
	\$ 2,423,482	\$ 997,190	\$ 32,953

The accompanying notes are an integral part of these financial statements

Endowment Care Fund	Total Governmental Funds	Adjustments (Note 2-A.)	Statement of Net Position
\$ 920,065	\$ 1,755,226	\$ -	\$ 1,755,226
-	72,429	-	72,429
4,193	-	-	-
-	70,009	-	70,009
2,744,060	5,224,279	-	5,224,279
-	-	2,393,350	2,393,350
-	-	3,311,233	3,311,233
<u>3,668,318</u>	<u>7,121,943</u>	<u>5,704,583</u>	<u>12,826,526</u>
-	-	166,000	166,000
<u>\$ 3,668,318</u>	<u>\$ 7,121,943</u>	<u>\$ 5,870,583</u>	<u>\$ 12,992,526</u>
\$ -	\$ 62,859	\$ -	\$ 62,859
-	-	47,516	47,516
-	-	1,354,484	1,354,484
-	62,859	1,402,000	1,464,859
-	-	253,000	253,000
3,659,932	3,730,224	(3,730,224)	-
-	2,230,010	(2,230,010)	-
8,386	1,038,529	(1,038,529)	-
-	60,321	(60,321)	-
-	-	5,704,583	5,704,583
-	-	3,659,932	3,659,932
-	-	1,910,152	1,910,152
<u>3,668,318</u>	<u>7,059,084</u>	<u>4,215,583</u>	<u>11,274,667</u>
<u>\$ 3,668,318</u>	<u>\$ 7,121,943</u>	<u>\$ 5,870,583</u>	<u>\$ 12,992,526</u>

VISALIA PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Pre-Need Fund	Veteran's Wall Fund
REVENUE			
Program Revenue:			
Charges for services	\$ 1,350,187	\$ 104,311	\$ -
Property taxes, general purpose	199,313	-	-
Grants and contributions not restricted to specific programs	1,117	-	-
Revenue/(loss) from use of money	41,398	(54,552)	(6,709)
Other revenues	28,099	-	4,100
Total Revenue	1,620,114	49,759	(2,609)
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	974,902	-	-
Benefits	335,305	-	-
Supplies	151,074	-	-
Services	431,316	-	-
Depreciation	-	-	-
Capital Outlay	325,022	-	-
Total Expenditures / Expenses	2,217,619	-	-
Excess (Deficiency) of Revenue over Expenditures/Expenses	(597,505)	49,759	(2,609)
OTHER FINANCING SOURCES/USES			
Transfers - internal activity	100,399	-	-
Proceeds from debt	945,000	-	-
Total Financing Sources/Uses	1,045,399	-	-
NET CHANGE IN FUND BALANCE / NET POSITION	447,894	49,759	(2,609)
Fund Balance / Net Position - Beginning	1,912,729	947,431	35,562
Fund Balance / Net Position - Ending	\$ 2,360,623	\$ 997,190	\$ 32,953

The accompanying notes are an integral part of these financial statements

Total			
Endowment Care Fund	Governmental Funds	Adjustments (Note 2-B.)	Statement of Activities
\$ 225,111	\$ 1,679,609	\$ -	\$ 1,679,609
-	199,313	-	199,313
-	1,117	-	1,117
(194,976)	(214,839)	-	(214,839)
-	32,199	-	32,199
30,135	1,697,399	-	1,697,399
-	974,902	(8,000)	966,902
-	335,305	24,000	359,305
-	151,074	-	151,074
-	431,316	-	431,316
-	-	174,442	174,442
-	325,022	(325,022)	-
-	2,217,619	(134,580)	2,083,039
30,135	(520,220)	134,580	(385,640)
(100,399)	-	-	-
-	945,000	(945,000)	-
(100,399)	945,000	(945,000)	-
(70,264)	424,780	(810,420)	(385,640)
3,738,582	6,634,304	5,026,003	11,660,307
\$ 3,668,318	\$ 7,059,084	\$ 4,215,583	\$ 11,274,667

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Visalia Public Cemetery District (“the District”) is a public cemetery formed in October of 1916 under Health and Safety Code § 9010. There is a five-person board of trustees (appointed by the Tulare County Board of Supervisors), which serves as the governance to the District.

1 - B. Other Related Entities

Joint Powers Authority (“JPA”). The District is associated with one JPA. This organization does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 12 to the financial statements. This organization is:

- ❖ Golden State Risk Management Authority (“GSRMA”)

1 - C. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the cemetery and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the “Adjustments” column are not provided on the face of the statement, but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds.

Pre-Need Fund. This fund is a special revenue fund, which accounts for the receipt of the District’s pre-need revenues, a substantial portion of which are assigned for use to at-need services.

The Veteran’s Wall Fund. This fund is a special revenue fund, which accounts for revenue from having a veteran’s name placed on the Veteran’s Wall. The financial resources are to be used for the maintenance and possible expansion of the Veteran’s Wall.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

Endowment Care Fund. Per Health and Safety Code §9065, the board of trustees shall create an endowment care fund, and require a payment into the endowment care fund for each interment right sold. The board of trustees shall not spend the principal of the fund. The board of trustees shall cause the income from the fund to be deposited in an endowment income fund and spent solely for the care of the cemeteries owned by the District.

1 - D. Basis of Accounting – Measurement Focus

Government-wide Financial Statements. The government-wide and financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

1 - E. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Accrued Receivables. All trade and property tax receivables are shown as being fully collectible. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

Inventory. The value of the Visalia Public Cemetery District's inventory is stated at cost on the first-in, first-out basis. Inventory items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. 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.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Building and improvements	20 – 40
Equipment	7 – 10

Accrued Liabilities. 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 from current financial resources are reported as obligations of the funds.

However, compensated absence balance that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee Retirement System (“Cal PERS”) and additions to/deductions from Cal PERS’ fiduciary net position have been determined on the same basis as they are reported by Cal PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances. The fund balance for governmental funds is reported in classifications based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable. The resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include Endowment Care corpus, inventories, and prepaid assets.

Restricted. The constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

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

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

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

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

Net Position. Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt 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 related debt outstanding as of June 30, 2022. Net Position is reported as restricted when there are limitations imposed on their use either through the 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 are available. The district-wide financial statements reported restricted net positions on June 30, 2022 of \$3,659,932.

1 - F. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue). 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. For the District, available means expected to be received within 60 days of fiscal year-end.

Property Tax Calendar. Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on or before the first business day of September of each year, and become a lien on real property on March 1 proceeding the fiscal year for which taxes are levied.

The first installment of secured taxes is due and payable November 1 and becomes delinquent December 12 at 5:00 p.m. The second installment is due and payable on February 1 and becomes delinquent on April 10 at 5:00 p.m. Unsecured taxes are due and payable on January 1 and become delinquent on August 31 at 5:00 p.m.

The County of Tulare bills and collects the taxes on behalf of the District. The District recognizes property tax revenues actually received as reported by the Tulare County Auditor-Controller.

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 funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Compensated Absences. Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked for employees hired prior to May 1 of 2018. Employees hired May 1 2018 and after are capped at 240 hours of accrued time. The value of accumulated sick leave is recognized as a liability in the District's financial statements, and credit for unused sick leave is applicable to all employees who retire with 10 years or more of continuous service compensated at 50% value.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

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.

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds \$ 7,059,084

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

	Capital assets relating to governmental activities, at historical cost: \$ 8,511,693	
	Accumulated depreciation: (2,807,110)	5,704,583

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

	New office loan	945,000
	Net Pension Liability (Asset)	255,000
	Net OPEB Obligation	169,000
	Compensated absences payable	33,000
		(1,402,000)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

	Deferred outflows of resources relating to pensions	166,000
	Deferred inflows of resources relating to pensions	(253,000)

Total Net Position - Governmental Activities: \$ 11,274,667

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds **\$ 424,780**

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are 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: \$	325,022	
	Depreciation expense:	(174,442)	150,580

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (945,000)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 8,000

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 107,000

Postemployment benefits other than pensions (“OPEB”):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (131,000)

Change in Net Position of Governmental Activities: **\$ (385,640)**

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental
	Activities
Cash on hand	\$ 283
Deposits in financial institutions	440,732
Mutual funds	1,314,211
Total Cash and Cash Equivalents	\$ 1,755,226
Investments	\$ 5,224,279

3 - B. Policies and Practices

Endowment Care Principal Only:

Security Type	Maximum Term Allowed	Maximum % of Total Investments
US T-bills, notes, bonds & Govt Agency	30 years	100%
Corporation obligations (A) rating	5 year*	30%
City, County, Municipal bonds	Unlimited	30%
State bonds	Unlimited	30%
Negotiable Certificates of Deposit (FDIC insured)	Unlimited	30%
Savings and Loan Certificates (FDIC insured) (Maximum \$100,000. Per institution)		
Local Agency Bonds	5 year*	15%
Bank Obligations (FNMA insured)	5 year*	5%
Bankers' Acceptance	270 days	5%
Commercial Paper	180 days	15%
Repurchase agreements	1 year	10%
Reverse repurchase agreements	92 days	20%
Corporation medium-through notes (A+)	5 year*	30%
Shares of beneficial interest	5 year*	15%
Mortgage pass-through securities (A+)	5 year*	20%
Shares of beneficial interest mutual funds (Limited to 10% of a single fund)	N/A	20%

* To meet the objectives of the investment policy, the 5-year maximum may be exceeded.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

Surplus Money (Endowment care interest, capital outlay funds and pre-need funds):

Security Type	Maximum Term Allowed	Maximum % of Total Investments
US T-bills, notes, bonds & Govt Agency	5 year*	100%
Corporation obligations (A) rating	5 year*	30%
City, County, Municipal bonds	5 year*	30%
State bonds	5 year*	30%
Shares of beneficial interest mutual funds	N/A	20%
Negotiable Certificates of Deposit (FDIC insured)	5 year	30%
Savings and Loan Certificates (FDIC insured) (Maximum \$100,000. Per instruction)		
Local agency obligations	5 year*	15%
Bank Obligations (FNMA insured)	5 year*	5%
Bankers' Acceptance	270 days	5%
Commercial Paper	180 days	15%

* To meet the objectives of the investment policy, the 5-year maximum may be exceeded.

3 - C. Cash Deposits

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2022, the carrying amount of the District's bank balances totaled \$1,455,119 (including CDs). Of the total bank balance, \$1,452,318 was insured through the FDIC.

3 - D. Investments

Portfolio	S&P / Moody's Ratings	Fair Value		Maturities in years		
		Level	%	Fair Value	< 1	1 - 5
Mutual funds	NA	1	20%	\$ 1,314,211	\$ 1,314,211	\$ -
Certificates of deposit	FDIC	1	14%	929,763	490,625	439,138
Municipal bonds	A- to AAA / A2		28%	1,848,074	179,925	1,668,149
U.S. agency obligations	AA+ / Aaa	1	11%	729,889	321,572	408,317
Corporate medium term notes	A- to AA- / A3 to Aa3	1	26%	1,716,553	419,299	1,297,254
Total Portfolio			100%	\$ 6,538,490	\$ 2,725,632	\$ 3,812,858

Custodial Credit Risk. For an investment, custodial credit risk 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 or collateral securities that are in the possession of an outside party. There is a risk that, in the event of a counterparty failure, the District's investments may not be returned. As of June 30, 2022, the District had \$6,538,490 in their investment portfolio (including mutual/money market funds) held by the investment's counterparty. Of the total investment balance, \$500,000 was insured through the Securities Investor Protection Corporation ("SIPC"). The remaining \$6,038,490 was covered by additional securities coverage maintained by Stifel.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

NOTE 4 – ACCRUED RECEIVABLES

Receivables at June 30, 2022, were as follows:

	General Fund	Pre-Need Fund	Total Governmental Funds
Taxes	\$ 9,508	\$ -	\$ 9,508
Contracts	-	62,921	62,921
Total Accrued Receivables	\$ 9,508	\$ 62,921	\$ 72,429

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022

	Balance Jul. 01, 2021	Additions	Balance Jun. 30, 2022
Capital Assets Not Being Depreciated			
Land	\$ 2,330,550	\$ 17,800	\$ 2,348,350
Construction in progress	-	45,000	45,000
Total Capital Assets Not Being Depreciated	\$ 2,330,550	\$ 62,800	\$ 2,393,350
Capital Assets Being Depreciated			
Structures and improvements	\$ 5,254,752	\$ 72,247	\$ 5,326,999
Equipment	601,369	189,975	791,344
Total assets being depreciated	5,856,121	262,222	6,118,343
Less Accumulated Depreciation			
Structures and improvements	2,319,033	127,835	2,446,868
Equipment	313,635	46,607	360,242
Accumulated depreciation	2,632,668	174,442	2,807,110
Total Capital Assets Being Being Depreciated, Net	\$ 3,223,453	\$ 87,780	\$ 3,311,233

NOTE 6 – INTERFUND ACTIVITY – INTERFUND TRANSFERS

As of June 30, 2022 the General Fund owes \$70,066 to the Pre-Need Fund and \$4,193 to the Endowment Care Fund for collections received in June that were deposited into the respective investment accounts in July. During the year-ended June 30, 2022, the Endowment Care Fund transferred interest and earnings to the General Fund totaling \$100,399.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

NOTE 7 – ACCRUED PAYABLES

Payables at June 30, 2022, were as follows:

	<u>General Fund</u>
Vendors	\$ 39,859
Payroll related	7,000
Compensated absences	16,000
Total Accrued Payables	\$ 62,859

NOTE 8 – LONG-TERM LIABILITIES

8 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance			Balance
	<u>Jul. 01, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Jun. 30, 2022</u>
New office loan	\$ -	\$ 945,000	\$ -	\$ 945,000
Net pension liability ("NPL")	575,000	-	320,000	255,000
Other postemployment benefits ("OPEB")	38,000	131,000	-	169,000
Compensated absences	41,000	-	8,000	33,000
Total Long-Term Liabilities	\$ 654,000	\$ 1,076,000	\$ 328,000	\$ 1,402,000

8 - B. Compensated Absences

The long-term portion of unpaid employee vacation for the year ended June 30, 2022 was \$33,000. The General Fund pays compensated absence balances

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

8 - C. Note Payable

In May 2022, the District issued a revenue obligation in the amount of \$945,000. The debt of the District payable solely from District revenue collected by the District. Principal and interest payments are due bi-annually in November and May. The interest rate is 2.95% per annum. The amortization of the debt is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 47,516	\$ 25,514	\$ 73,030
2024	52,626	26,088	78,714
2025	54,191	24,524	78,715
2026	55,801	22,913	78,714
2027	57,459	21,255	78,714
2028 - 2032	313,949	79,621	393,570
2033 - 2037	363,458	30,113	393,571
Total	\$ 945,000	\$ 230,028	\$ 1,175,028

NOTE 9 – DEFINED BENEFIT PENSION

9 - A. General Information about the Pension Plan

Plan Description. The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (“the Plan” or “PERF C”) is administered by the California Public Employees’ Retirement System (“CalPERS”). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan’s June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at <https://www.calpers.ca.gov/page/forms-publications>.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

Benefit Provided and Contributions. Per the Visalia Public Cemetery District June 30, 2018 actuarial valuation report for the pension plan, the following are the benefits and employee and employer contribution requirements

Member Category	Benefit Group	
	Misc. - Classic	Misc. – PEPRA
Benefit Formula	2% @ 60	2.0% @ 62
Social Security Coverage	Yes	Yes
Full/Modified	Modified	Full
Employee Contribution Rate	7.00%	6.75%
Final Avg. Compensation Period	Three Year	Three year
Non-Industrial Disability	Standard	Standard
Industrial Disability	No	No
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	Yes
Post-Retirement Death Benefits		
Lump Sum	\$500	\$500
COLA	2%	2%
Employer Contribution Rate	8.65%	7.59%
Employer Unfunded Liability	\$48,014	\$1,647
Total Employer Contributions:	\$64,815	\$36,729

9 - B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$255,000 for its proportionate share of the net pension liability. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology: The schedule of employer allocations for components of net pension liability includes two ratios:

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes.
- 2) Market Value of Assets – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The schedule of employer allocations for components of net pension liability is based on actuarial valuation reports that are one year in arrears. As such, there will be a one year lag between the time an employer enters the Plan and the fiscal year the employer is first included on the schedule of employer allocations for components of net pension liability. Employers joining the Plan during the fiscal year ended June 30, 2021, will be included in the schedule of employer allocations for components of net pension liability as of and for the fiscal year ended June 30, 2022.

The employers’ proportionate share percentages of the miscellaneous and safety risk pools were first determined at the rate plan level. The employers’ total proportion of the respective miscellaneous and safety risk pools reflects the sum of the proportions of the respective miscellaneous and safety rate plans.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares using the employer allocation factors as follows:

- 1) Total Pension Liability (TPL) – Allocate based on the employer’s share of the actuarial accrued liability.
- 2) Fiduciary Net Position (FNP) – Allocate based on the employer’s share of the market value of assets plus additional payments.
- 3) Net Pension Liability (NPL) – After completing the above calculations, subtract FNP from TPL to calculate the employer’s NPL.
- 4) Deferred Outflows of Resources, Deferred Inflows of Resources – Allocate based on the employer’s share of the net pension liability as noted in 3) above.
- 5) Pension Expense – After completing the above calculations, calculate the employer’s share of collective pension expense based on the employer’s share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer’s contributions for the fiscal year ended June 30, 2021. The schedule of collective pension amounts does not reflect employer-specific amounts such as changes in proportion and employer contributions to PERF C subsequent to the measurement date. Appropriate treatment of such amounts is the responsibility of the employers.

An employer’s proportionate share of pension amounts for PERF C equals the sum of the employer’s proportionate shares of pension amounts for the miscellaneous pool. At June 30, 2022, the District’s proportion was:

	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>	<u>Difference</u>
Total Pension Liability Allocation Basis	0.0001474	0.0001488	-0.0000014
Fiduciary Net Position Allocation Basis	0.0001488	0.0001524	-0.0000036

For the year ended June 30, 2022, the District recognized pension expense of \$126,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Effect on</u> <u>Net Position</u>
Differences between expected and actual experience	\$ 28,000	\$ -	\$ 28,000
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension	-	222,000	(222,000)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	31,000	(31,000)
Change in Employer's Proportion	36,000	-	36,000
District contributions subsequent to the measurement date	102,000	-	102,000
Total	\$ 166,000	\$ 253,000	\$ (87,000)

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

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

Year ended June 30:

2023	62,000
2024	(40,000)
2025	(48,000)
2026	(61,000)
Total	\$ (87,000)

9 - C. Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions. The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
Post-retirement benefit increase	Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

The expected real rates of return by asset class are as followed:

Asset class ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11 + ^{3,4}
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

⁴ Figures are based on previous ALM of 2017

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 643,000	\$ 255,000	\$ (67,000)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

Plan description. The District has grandfathered 3 full-time employees who retire from the District with CalPERS and start withdrawing their retirement and have at least 15 years of continued service with the District will be entitled to health care premium reimbursement. **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.**

Benefits Provided. The plan provides healthcare benefits for retirees the District, not to exceed \$500.00 per month for a period up to 5 years. Reimbursement shall be exclusively for the employee and does not cover the spouse or children.

Employees covered by benefit terms. At June 30, 2022, three employees have met the fifteen year requirement, and there are no retirees that have qualified.

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

Total OPEB Liability

The District’s total OPEB liability of \$169,000 was measured as of June 30, 2022, and was measured using the alternative measurement method discussed in GASB, Statement, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, paragraphs 225 and 226.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate ¹	4.09%
Inflation ²	5.90%

¹ <https://www.spglobal.com/spdji/en/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index/#data>

² https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths

Mortality rates and probability rates were based on the CalPERS tables (as appropriate to respective risk pools) located at <https://www.calpers.ca.gov/docs/public-agencies-schools-assumption-methods.xlsx>.

Changes in the Total OPEB Liability

Balance at July 01, 2021	\$	38,000
Changes for the year:		
Service cost		3,000
Interest		7,000
Differences between expected and actual experience		127,000
Benefit payments		(6,000)
Net changes		131,000
Balances at June 30, 2022	\$	169,000

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>3.09%</u>	<u>4.09%</u>	<u>5.09%</u>
District's proportionate share of the net OPEB liability	\$ 192,000	\$ 169,000	\$ 150,000

VISALIA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

NOTE 11 – FUND BALANCE

Fund balance components at June 30, 2022, were as follows:

	General Fund	Pre-Need Fund	Verteran's Wall Fund	Endowment Care Fund	Total Govt. Funds
Nonspendable					
Revolving cash	\$ 283	\$ -	\$ -	\$ -	\$ 283
Inventory	70,009	-	-	-	70,009
Endowment care corpus	-	-	-	3,659,932	3,659,932
Total Nonspendable	70,292	-	-	3,659,932	3,730,224
Committed					
New office	891,277	-	-	-	891,277
Expansion	799,211	-	-	-	799,211
Capital outlay/Endowment Care Interest	441,427	-	-	-	441,427
Health account	98,095	-	-	-	98,095
Total Committed	2,230,010	-	-	-	2,230,010
Assigned					
Pre-need services	-	997,190	-	-	997,190
Veteran's Wall maintenance	-	-	32,953	-	32,953
Cemetery care	-	-	-	8,386	8,386
Total Assigned	-	997,190	32,953	8,386	1,038,529
Unassigned	60,321	-	-	-	60,321
Total Fund Balances	\$ 2,360,623	\$ 997,190	\$ 32,953	\$ 3,668,318	\$ 7,059,084

NOTE 12 – PARTICIPATION IN A JOINT POWERS AUTHORITY

The District is a member of a joint powers authorities (JPAs), Golden State Risk Management Authority. They provide liability and property, workers' compensation and auto liability insurance. The relationship is such that the JPA is not a component unit of the District for financial reporting purposes. This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities. During the year ended June 30, 2022, the District made payments of \$94,270.

REQUIRED SUPPLEMENTARY INFORMATION

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VISALIA PUBLIC CEMETERY DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive / (Negative)
REVENUE				
Program Revenue:				
Charges for services	\$ 1,183,785	\$ 1,183,785	\$ 1,350,187	\$ 166,402
Property taxes, general purpose	180,000	180,000	199,313	19,313
Grants and contributions not restricted to specific programs	-	-	1,117	1,117
Revenue from use of money	95,000	95,000	41,398	(53,602)
Other revenues	-	-	28,099	28,099
Total Revenue	1,458,785	1,458,785	1,620,114	161,329
EXPENDITURES				
Salaries, wages, and benefits	1,114,816	1,114,816	1,310,207	(195,391)
Supplies and services	400,204	400,204	582,390	(182,186)
Capital Outlay	42,750	42,750	325,022	(282,272)
Total Expenditures	1,557,770	1,557,770	2,217,619	(659,849)
Excess (Deficiency) of Revenue over Expenditures	(98,985)	(98,985)	(597,505)	(498,520)
OTHER FINANCING SOURCES				
Transfers - internal activity	-	-	100,399	100,399
Proceeds debt issuance	-	-	945,000	945,000
Total Financing Sources/Uses	-	-	1,045,399	1,045,399
NET CHANGE IN FUND BALANCE	(98,985)	(98,985)	447,894	546,879
Fund Balance - Beginning	1,912,729	1,912,729	1,912,729	
Fund Balance - Ending	\$ 1,813,744	\$ 1,813,744	\$ 2,360,623	\$ 546,879

VISALIA PUBLIC CEMETERY DISTRICT

PRE-NEED FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive / (Negative)
REVENUE				
Program Revenue:				
Charges for services	\$ 115,000	\$ 115,000	\$ 104,311	\$ (10,689)
Revenue/(loss) from use of money	24,000	240,000	(54,552)	(294,552)
Total Revenue	139,000	355,000	49,759	(305,241)
NET CHANGE IN FUND BALANCE	139,000	355,000	49,759	(305,241)
Fund Balance - Beginning	947,431	947,431	947,431	
Fund Balance - Ending	\$ 1,086,431	\$ 1,302,431	\$ 997,190	\$ (305,241)

VISALIA PUBLIC CEMETERY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net pension liability (asset)	\$ 255,000	\$ 575,000	\$ 517,000	\$ 468,000	\$ 493,000	\$ 283,000	\$ 331,000
District's covered payroll	\$ 640,000	\$ 595,000	\$ 273,000	\$ 277,000	\$ 208,000	\$ 299,000	\$ 274,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40%	97%	189%	169%	237%	95%	121%
Plan fiduciary net position as a percentage of the total pension liability	90%	78%	78%	75%	76%	80%	81%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

SCHEDULE OF CONTRIBUTIONS

	Jun 30, 2022	Jun 30, 2021	Jun 30, 2020	Jun 30, 2019	Jun 30, 2018	Jun 30, 2017	Jun 30, 2016
Contractually required contribution	\$ 102,000	\$ 76,000	\$ 67,000	\$ 47,000	\$ 41,000	\$ 38,000	\$ 17,000
Contributions in relation to the contractually required contribution	(102,000)	(76,000)	(67,000)	(47,000)	(41,000)	(38,000)	(17,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	735,000	640,000	595,000	273,000	277,000	208,000	299,000
Contributions as a percentage of covered payroll	14%	12%	11%	17%	15%	18%	6%

VISALIA PUBLIC CEMETERY DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2022	2021	2020
Changes for the year:			
Service cost	\$ 3,000	\$ 11,000	\$ 12,000
Interest	7,000	1,000	2,000
Changes of benefit terms	-	(44,000)	-
Changes in assumptions or other inputs	127,000	-	-
Benefit payments	(6,000)	-	-
Net Changes in Total OPEB Liability	131,000	(32,000)	14,000
Total OPEB Liability - Beginning	38,000	70,000	56,000
Total OPEB Liability - Ending	\$ 169,000	\$ 38,000	\$ 70,000
Covered Payroll	\$ 133,000	\$ 196,000	\$ 592,000
Total OPEB liability as a percentage of covered payroll	127%	19%	12%

District Has NO Assets Accumulated in a Trust to Pay Related Benefits

OTHER INDEPENDENT AUDITOR'S REPORT

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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*

The Board of Trustees
Visalia Public Cemetery District
Visalia

We have audited, 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, the financial statements of the governmental activities and each major fund of Visalia Public Cemetery District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Visalia Public Cemetery District's basic financial statements, and have issued our report thereon dated June 9, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Visalia Public Cemetery 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 Visalia Public Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of Visalia Public Cemetery District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described on the next page, we identified deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described on the next page to be material weakness.

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.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Visalia Public Cemetery 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 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*.

RT DENNIS
ACCOUNTANCY

Material Weakness in Internal Control over Financial Reporting—Inadequate Chart of Accounts

**2022-
001**

Criteria:

Pursuant to Government Code §53891, the provisions of the Accounting Standards and Procedures for Special Districts accounting system are prescribed for all districts engaged in activities other than recognized enterprise activities. This system is designed for use by all governmental fund types. The purpose of the accounts and procedures is to furnish a common accounting and reporting framework which is flexible enough to prepare financial statements in accordance with accounting principles general accepted in the United States of America (“GAAP”) and prepare the Annual Report of Financial Transactions for Special Districts as required by the State Controller's Office.

Context:

The chart of accounts maintained by the district in their accounting software is insufficient for a government accounting application. This is due to the fact that each fund is not a self-balancing set of accounts. Additionally, there needs to be a set of accounts which are full accrual, while the fund accounts are modified accrual, as delineated in the Accounting Standards and Procedures for Special Districts.

Effect:

Without a robust enough chart of accounts, the District’s financial transactions are not entirely accounted for in accordance with GAAP. This extends to the budget development and presentation as well.

Cause:

Unknown

Recommendation:

Management and the board should consider a formal evaluation of the current chart of accounts and develop a new set of accounts or use the accounts as prescribed in the Accounting Standards and Procedures for Special Districts. The entity might consider soliciting the assistance of an accountant to assist in the development / implementation of a new chart of accounts

Views of Responsible Official(s) and Planned Corrective Actions:

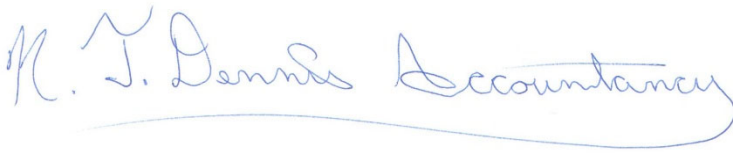
The District is working with an accountant/QuickBooks expert that has assisted us with the adjustments to the chart of accounts. The asset, liability and equity have all been identified by fund. The district is also working with a staff accountant of another cemetery district to assist with adjustments that are needed to the current system. The P&L report can now be pulled by fund. The interest for all accounts in all funds are now separated out on the balance sheet.

Visalia Public Cemetery District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Visalia Public Cemetery District's response to the findings identified in our engagement and described on the previous page. Visalia Public Cemetery District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "K. J. Dennis Accountancy". The signature is written in a cursive style and is underlined with a long, sweeping horizontal line.

June 9, 2023