

## **SANGER/DEL REY CEMETERY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022**

As management of Sanger/Del Rey Cemetery District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

### **Financial Highlights**

- Assets of the District exceeded its liabilities as of June 30, 2022 by \$4,503,393. Of this amount, unrestricted net position of \$1,376,841 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2021, assets exceeded liabilities by \$3,819,647 with unrestricted net position equaling \$850,181.
- Total net position increased by \$683,746 for the year ended June 30, 2022. For the year ended June 30, 2021, total net position increased by \$381,523.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,575,830, an increase of \$456,165 in comparison with the prior year. Of this amount, \$1,382,095 is unassigned and available for spending, with none of it designated for specific future use by the Board of Trustees of the District. For the year ended June 30, 2021, the District's governmental funds had a combined ending fund balance of \$3,119,665, with \$1,078,169 being unassigned and available for spending. There was an increase of \$425,133 in the combined ending fund balance in the prior year.
- During the current year, the District's fixed assets increased by a net of \$6,108. The increase was attributable to purchases of fixed assets in the amount of \$64,114, less depreciation, and disposition of fixed assets in the amount of \$43,084, less depreciation. Depreciation expense, the ratable amortization of the cost of fixed assets, amounted to \$50,968 for the current year. Prior year depreciation was \$52,366.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Sanger/Del Rey Cemetery District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expense are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally non business in nature (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include cemetery activities, primarily for the residents of the Sanger/Del Rey area of Fresno County. The District has no business-type activities.

The government-wide financial statements include only the District itself. The District has no component units.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The district has no proprietary funds and three governmental funds, the General Fund, Infrastructure and the Endowment Care Fund.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the two.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2022, the District's assets exceeded liabilities by \$4,503,393. A significant portion of the District's net position, \$942,837 (21 percent), reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to customers and they are not available for future spending.

In addition, \$2,183,715 (48 percent) of the District's net position is restricted for specific uses and, generally, is not available for future spending.

The following represent summaries of the District's net position and changes in net position for the current and prior years:

### Sanger/Del Rey Cemetery District's Net Position

	Governmental Activites	Current Year Total	Prior Year Total
Current assets	\$ 1,684,624	\$ 1,684,624	\$ 1,239,946
Other assets	3,114,476	3,114,476	2,981,318
Deferred outflows	123,764	123,764	63,431
 Total assets and deferred outflows	 4,922,864	 4,922,864	 4,284,695
 Current liabilities	 280,433	 280,433	 93,388
Noncurrent liabilities	43,596	43,596	308,229
Deferred inflows	95,442	95,442	63,431
 Total liabilities and deferred inflows	 419,471	 419,471	 465,048
Net position:			
Invested in capital assets, net of related debt	942,837	942,837	936,729
Restricted - nonspendable	1,917,642	1,917,642	1,794,862
Restricted - spendable	266,073	266,073	237,875
Unrestricted	1,376,841	1,376,841	850,181
 Total net position	 \$ 4,503,393	 \$ 4,503,393	 \$ 3,819,647

### Sanger/Del Rey Cemetery District's Changes in Net Position

	Governmental Activites	Current Year Total	Prior Year Total
Program revenue			
Charges for services	\$ 1,168,191	\$ 1,168,191	\$ 1,034,021
Operating grants and contributions	-	-	-
 Total program revenue	 1,168,191	 1,168,191	 1,034,021
Expense			
Cemetery activities	1,150,911	1,150,911	1,129,497
 Decrease in net position before general revenue	 17,280	 17,280	 (95,476)
 General revenue and other items	 666,466	 666,466	 476,999
 Increase in net position	 683,746	 683,746	 381,523
Net position, beginning of year	3,819,647	3,819,647	3,438,124
 Net position, end of year	 \$ 4,503,393	 \$ 4,503,393	 \$ 3,819,647

**Governmental activities.** Governmental activities increased the District's net position by \$683,746, accounting for 100 percent of the total growth in net position.

### **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements.

**Governmental Funds.** The purpose of the District's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the District's governmental funds reported combined ending fund balances of \$3,575,830, an increase of \$456,165 in comparison to the prior year. Of the combined ending fund balance, \$1,376,841 is unassigned and is available for spending at the District's discretion.

### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$942,837 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment.

Additional information on the District's capital assets can be found in note three.

**Debt administration.** Except for the unfunded pension obligation, the District had no long-term debt.

Additional information on the District's unfunded pension obligation can be found in note seven.

### **Economic Factors and Next Year's Budgets and Rates**

The general fund budget for the year ending June 30, 2023 is projected to break even. Compared to the current year, revenue is anticipated to decrease by \$263,555 while expenditures are expected to increase by \$61,158. Sales and services revenue is anticipated to decrease by \$205,439, property tax and intergovernmental revenue is expected to decrease by \$55,492 and all other revenue is expected to decrease by \$2,624. Capital outlay is expected to increase by \$3,886, salaries, wages and employee benefits are expected to increase by \$64,894 and services and supplies are expected to decrease by \$7,622 compared to 2021/2022.

Current rates charged for services are expected to remain the same for 2022/2023.

### **Requests for Information**

This financial report is designed to provide a general overview of Sanger/Del Rey Cemetery District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the District Manager, Sanger/Del Rey Cemetery District, 658 South Rainbow Avenue, Sanger, California 93657.

**Sanger/Del-Rey Cemetery District**  
Governmental Funds Balance Sheet / Statement of Net Position  
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	General Fund	Endowment Care Fund	Infrastructure Fund	Totals	Adjustments (Note 5)	Statement of Net Position
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,168,336	\$ 0	\$ 259,938	\$ 1,428,274	\$ 0	\$ 1,428,274
Cash & cash equivalents - restricted	0	2,171,639	0	2,171,639	0	2,171,639
Due from other funds	0	4,781	0	4,781	0	4,781
Accrued interest	3,376	7,295	878	11,549	0	11,549
Inventory	10,020	0	0	10,020	0	10,020
Capital assets, net of accumulated depreciation	0	0	0	0	942,837	942,837
Total assets	1,181,732	2,183,715	260,816	3,626,263	942,837	4,569,100
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	0	0	0	0	123,764	123,764
Total assets and deferred outflows of resources	\$ 1,181,732	\$ 2,183,715	\$ 260,816	\$ 3,626,263	\$ 1,066,601	\$ 4,692,864
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 20,878	\$ 0	\$ 0	\$ 20,878	\$ 0	\$ 20,878
Payroll taxes payable	5,049	0	0	5,049	0	5,049
Due to other funds	4,781	0	0	4,781	0	4,781
Sales tax payable	3,129	0	0	3,129	0	3,129
Wages Payable	4,877	0	0	4,877	0	4,877
Accumulated compensated absences	11,719	0	0	11,719	0	11,719
Total current liabilities	50,433	0	0	50,433	0	50,433
<b>Long-Term Liabilities</b>						
Net pension liability	0	0	0	0	43,596	43,596
Accumulated compensated absences	0	0	0	0	0	0
Total long-term liabilities	0	0	0	0	43,596	43,596
Total liabilities	50,433	0	0	50,433	43,596	94,029
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	0	0	0	0	95,442	95,442
<b>FUND BALANCES / NET POSITION</b>						
Nonspendable	10,020	1,917,642	0	1,927,662	(1,927,662)	0
Restricted	0	266,073	0	266,073	(266,073)	0
Unreserved	1,121,279	0	260,816	1,382,095	(1,382,095)	0
Total fund balances	1,131,299	2,183,715	260,816	3,575,830	(3,575,830)	0
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,181,732	\$ 2,183,715	\$ 260,816	\$ 3,626,263		
<b>Net Position</b>						
Investment in capital assets, net of related debt					942,837	942,837
Restricted - Nonspendable - Endowment Principal					1,917,642	1,917,642
Restricted - Expendable - Maintenance					266,073	266,073
Unrestricted					1,376,841	1,376,841
Total net position					\$ 4,503,393	\$ 4,503,393
Total liabilities, deferred inflow of resources and net position						\$ 4,692,864

**Sanger/Del-Rey Cemetery District**  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances / Statement of Activities  
For the year ended June 30, 2022

	General Fund	Endowment Care Fund	Infrastructure Fund	Totals	Adjustments (Note 5)	Statement of Activities
<b>REVENUES</b>						
Burial fees and service	\$ 1,045,411	\$ 122,780	\$ 0	\$ 1,168,191	\$ 0	\$ 1,168,191
Property taxes	446,190	0	0	446,190	0	446,190
Interest income	12,808	28,198	1,886	42,892	0	42,892
Real estate rent	13,292	0	0	13,292	0	13,292
Pension income	0	0	0	0	164,057	164,057
Other income	35	0	0	35	0	35
<b>Total revenues</b>	<b>1,517,736</b>	<b>150,978</b>	<b>1,886</b>	<b>1,670,600</b>	<b>164,057</b>	<b>1,834,657</b>
<b>EXPENDITURES</b>						
Salaries and wages	493,665	0	0	493,665	0	493,665
Employee benefits	259,486	0	0	259,486	(50,378)	209,108
Vaults and other costs of sales	89,802	0	0	89,802	0	89,802
Repairs and maintenance - grounds	74,812	0	0	74,812	0	74,812
Legal and professional	13,512	0	0	13,512	0	13,512
Utilities	17,907	0	0	17,907	0	17,907
Insurance	28,287	0	0	28,287	0	28,287
Travel and training	12,136	0	0	12,136	0	12,136
Workers' compensation insurance	16,824	0	0	16,824	0	16,824
Office supplies and postage	8,865	0	0	8,865	0	8,865
Repairs and maintenance - equipment	27,375	0	0	27,375	0	27,375
Fuel and oil	16,473	0	0	16,473	0	16,473
Telephone	8,887	0	0	8,887	0	8,887
Laundry and cleaning	7,393	0	0	7,393	0	7,393
Automobile allowance	6,000	0	0	6,000	0	6,000
Waste disposal	15,543	0	0	15,543	0	15,543
Auditing	25,900	0	0	25,900	0	25,900
Security/gate closure	5,850	0	0	5,850	0	5,850
Dues and subscriptions	4,353	0	0	4,353	0	4,353
Sand, cement and gravel	4,203	0	0	4,203	0	4,203
Tree trimming	3,400	0	0	3,400	0	3,400
Miscellaneous	3,293	0	0	3,293	0	3,293
Bank charges	1,009	0	0	1,009	0	1,009
Meals and entertainment	1,308	0	0	1,308	0	1,308
Capital Outlay	64,114	0	0	64,114	(64,114)	0
Depreciation	0	0	0	0	50,968	50,968
Loss on disposition of assets	4,038	0	0	4,038	0	4,038
<b>Total expenditures</b>	<b>1,214,435</b>	<b>0</b>	<b>0</b>	<b>1,214,435</b>	<b>(63,524)</b>	<b>1,150,911</b>

See independent auditors' report and accompanying notes

**Sanger/Del-Rey Cemetery District**  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances / Statement of Activities  
For the year ended June 30, 2022

	General Fund	Endowment Care Fund	Infrastructure Fund	Totals	Adjustments (Note 5)	Statement of Activities
TRANSFERS	\$ (230,000)	\$ 0	\$ 230,000	\$ 0	\$ 0	\$ 0
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	\$ 73,301	\$ 150,978	\$ 231,886	\$ 456,165	\$ (456,165)	\$ 0
Change in net position					683,746	683,746
Fund balances / Net position, beginning of year	1,057,998	2,032,737	28,930	3,119,665	0	3,819,647
Fund balances / Net position, end of year	<u>\$ 1,131,299</u>	<u>\$ 2,183,715</u>	<u>\$ 260,816</u>	<u>\$ 3,575,830</u>	<u>\$ 0</u>	<u>\$ 4,503,393</u>

## **Sanger/Del-Rey Cemetery District**

### **Notes to Audited Financial Statements**

June 30, 2022

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#### **NOTE 1 - Summary of Significant Accounting Policies**

The District was organized April 8, 1925 upon the approval of the Board of Supervisors of Fresno County. The District was organized and operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code. The District operates under a Director - Manager form of government and provides for cemetery services to the general public. The District's Board of Directors is appointed by the Fresno County Board of Supervisors. As the District is a governmental unit, it is exempt from federal and California income tax.

The accounting policies of the District conform to generally accepted accounting principles as applicable to government agencies. The following is a summary of the more significant provisions:

##### **1. The Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds and authorities for which the District holds corporate powers. The Governmental Accounting Standards Board (GASB) has established criteria in determining financial accountability. The criteria include appointment of a majority of the voting members of an organization's governing board, and either (1) the District has the ability to impose its will on the organization, or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.

These financial statements represent the Sanger/Del-Rey Cemetery District, the primary government. The District is a legally separate entity which possesses the power to tax and assess fees on property. The District is considered a California Special District and is subject to California laws and regulations, including the Health and Safety Code as applicable to Public Cemeteries. Fresno County does not exercise significant controlling power over the District. Accordingly the District is not considered a component unit of Fresno County. Further, the District has no component units; it has not created any separate political subdivisions and does not exercise any political or financial control over any other entity.

##### **2. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, deferred outflows of resource, liabilities, deferred inflows of resources, net position, revenue, and expenditures. Government resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types as follows:

###### **GOVERNMENTAL FUND TYPES**

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

**Endowment Care Fund** – The Endowment Care Fund is a special revenue fund used to account for the endowment care revenues and expenditures. The District is required by law to maintain this fund. The purpose of this fund is to provide sufficient funds to properly maintain the cemetery grounds once all available grave sites have been used. The District currently has not been required to expend any funds for endowment care because the cemetery still has available grave sites to be sold.

**Infrastructure Fund** – A separate fund used by the District for the purpose of accumulating and investing funds for major property and equipment purchases.

##### **3. Basis of Presentation – Government-Wide and Fund Financial Statements**

Government wide financial statements are comprised of the statement of net position and the statement of activities. They contain information on all the activities of the primary government and are presented on the accrual basis of accounting.



## **Sanger/Del-Rey Cemetery District**

### **Notes to Audited Financial Statements**

June 30, 2022

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#### **NOTE 1 - Summary of Significant Accounting Policies (Continued)**

##### **3. Basis of Presentation – Government-Wide and Fund Financial Statements (Continued)**

The statement of net position and statement of activity include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activity regardless of when cash is received or paid.

The fund financial statements are comprised of the governmental funds balance sheet and the statement of governmental revenues, expenditures and changes in fund balances. These statements reflect the activity of the various governmental funds of the District and are accounted for on the modified accrual basis of accounting. Assets expected to be used up and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

##### **4. Net Position**

Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances and unspent debt proceeds related to the acquisition, construction, or improvement of the capital assets.
- Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints included those imposed by debt indentures, grants or law and regulations of other governments, by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net amount of assets, deferred outflows of resources, liabilities, and deferred inflows that do not meet the definition of restricted or net investment in capital assets.

##### **5. Basis of Accounting**

The basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

##### **6. Budgets and Budgetary Accounting**

The District follows these procedures in establishing budgetary data reflected in these financial statements:

- a. Formal budgets are established and approved by the District's Trustees for the general fund and is on file with Fresno County. These budgets are used as a management control device and are adopted on a basis consistent with generally accepted accounting principles.
- b. The budgetary comparison schedule - budget and actual present comparisons of legally adopted budgets with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with generally accepted accounting principles, no additional reconciliation is required.

**Sanger/Del-Rey Cemetery District**

Notes to Audited Financial Statements

June 30, 2022

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**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

6. Budgets and Budgetary Accounting (Continued)

- c. The District's Board of Directors can authorize transfers between departments in any fund.
- d. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. There were no changes to the budget from the original adopted budget during the year.

7. Cash and Investments

The District maintains its funds in various bank accounts and the Fresno County investment pool. Investments are reported at fair value. Cash represents cash on hand from banks. Investments are all short-term highly liquid investments pooled in the county's investment pool and therefore considered cash-equivalents for financial statement purposes.

8. Inventory

Inventory consists of grave liners and vaults held for future use. Inventories are stated at the lower of cost or market accounted for on the consumption method.

9. Property, Plant, and Equipment

The District's property, plant, and equipment are recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisitions and replacements are charged to operating expenses as incurred. Interest cost incurred that is related to the construction of property is capitalized.

Depreciation is computed on the straight-line method using the following estimated useful lives:

Buildings and Improvements	10 – 40 Years
Equipment	5 – 10 Years

All property, plant, and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. The District has no donated assets.

10. Revenue Recognition – Property Taxes

Real property taxes attach as an enforceable lien on property five years from the end of the applicable tax year. Unsecured property taxes attach as an enforceable lien after the penalty date, which varies depending upon when the unsecured taxes were billed. Taxes are levied on March 1 and are due and payable at that time. One half of the unpaid real property taxes levied March 1 become delinquent December 10 of the current year and the remaining half become delinquent April 10 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

11. Reserves of Net Position

The District records reserves, and also designates amounts, to indicate that a portion of the General Fund is segregated for specific future uses. All principal endowment care funds are reserved for future cemetery maintenance.

## **Sanger/Del-Rey Cemetery District**

### **Notes to Audited Financial Statements**

June 30, 2022

#### **NOTE 1 - Summary of Significant Accounting Policies (Continued)**

##### **11. Reserves of Net Position – (Continued)**

The District has reserved or designated the following amounts:

Investment in capital assets, net of related debt	\$ 942,837
Endowment care – restricted	1,917,642
Endowment care –non-spendable	<u>266,073</u>
Total reserves and designations	<u>\$ 3,126,552</u>

##### **12. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, the pension expense, information about the fiduciary net position of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

##### **13. Subsequent Events**

Subsequent events have been evaluated through October 24, 2022 which is the date the financial statements were available to be issued.

#### **NOTE 2 – Cash and Cash Equivalents**

##### **Cash and cash equivalents**

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Infrastructure Fund</u>	<u>Totals</u>
Cash on hand	\$ 100	\$ 0	\$ 0	\$ 100
Cash in banks	195,619	0	0	195,619
County of Fresno	<u>972,617</u>	<u>2,171,639</u>	<u>259,938</u>	<u>3,404,194</u>
Total cash and cash equivalents	<u>\$ 1,168,336</u>	<u>\$ 2,171,639</u>	<u>\$ 259,938</u>	<u>\$ 3,599,913</u>

##### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. Local financial institutions, under California state law, are required to collateralize local government agency deposits in excess of FDIC insured amounts up to \$250,000. As of June 30, 2022, the District did not have deposits in financial institutions in excess of the insured limit. The District's investments in negotiable certificates of deposit at various financial institutions located throughout the U.S. were less than the maximum FDIC insured amount at each financial institution.

## **Sanger/Del-Rey Cemetery District**

### **Notes to Audited Financial Statements**

June 30, 2022

#### **NOTE 2 – Cash and Investments (Continued)**

##### *Credit Risk – Investments*

The District's investment policy is in accordance with state law and as such, limits certain investments to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2022, the District's investment in the Fresno County investment pool had an average dollar-weighted quality rating of AA+ (Moody's Investment Services). The District does not own individual investments outside of the external investment pools, which represent greater than 5% of total investments.

#### **NOTE 3 - Capital Assets**

The following is a summary of the changes in Capital Assets:

Cost:	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 415,459	\$ 10,925	\$ 0	\$ 426,384
Buildings and improvements	846,201	15,388	0	861,589
Equipment	517,569	37,801	43,084	512,286
Total	<u>\$ 1,779,229</u>	<u>\$ 64,114</u>	<u>\$ 43,084</u>	<u>\$ 1,800,259</u>
Accumulated Depreciation:	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 0	\$ 0	\$ 0	\$ 0
Buildings and improvements	454,237	24,921	0	479,158
Equipment	388,263	26,047	36,046	378,264
Total	<u>\$ 842,500</u>	<u>\$ 50,968</u>	<u>\$ 36,046</u>	<u>\$ 857,422</u>

#### **NOTE 4 - Defined Benefit Pension Plan**

##### **A. GENERAL INFORMATION**

###### *Plan Description*

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Sanger/Del-Rey Cemetery District part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as common investment and administrative agent for participating member employers. Benefits provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

###### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The basic benefit will be 2% of "final compensation" for each year of credited service upon retirement at age 55. Final compensation is defined as the average monthly pay during the last 36 consecutive months of work or another period of 36 consecutive months selected by the member if the average pay rate was higher. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for each plan is applied as specified by the Public Employee's Retirement law.

See independent auditors' report

**Sanger/Del-Rey Cemetery District**

Notes to Audited Financial Statements

June 30, 2022

**NOTE 4 - Defined Benefit Pension Plan (Continued)**

	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% - 2.4%	1.0% - 2.5%

***Employees Covered***

At June 30, 2022 the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	7
Total	9

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**B. NET PENSION LIABILITY**

The District's net pension liability for the plan is measured as the total pension liability, less the pensions plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2020 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post-Retirement Benefits Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% therein.

**Sanger/Del-Rey Cemetery District**  
Notes to Audited Financial Statements  
June 30, 2022

**NOTE 4 - Defined Benefit Pension Plan (Continued)**

*Discount Rate*  
The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

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

<u>Asset Class</u>	<u>Assume Asset Allocation</u>	<u>Real Return Years 1 – 10 <sup>1</sup></u>	<u>Real Return Years 11+<sup>2</sup></u>
Public 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 An expected inflation of 2.0% used for this period			
2 An expected inflation of 2.92% used for this period			

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*  
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount Rate</u> <u>(7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability	\$ 349,893	\$ 43,596	\$ (209,615)

**Sanger/Del-Rey Cemetery District**  
Notes to Audited Financial Statements  
June 30, 2022

**NOTE 4 - Defined Benefit Pension Plan (Continued)**

**D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the District recognized pension income of \$164,057. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 0	\$ 0
Differences between Expected and Actual Experience	4,889	0
Differences between Projected and Actual Investment Earnings	0	38,057
Differences between Employer's Contributions and Proportionate Share of Contributions	0	57,385
Change in Employer's Proportion	61,459	0
Pension Contributions Made Subsequent to Measurement Date	57,415	0
Total	\$ 123,763	\$ 95,442

\$57,415 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses(incomes) as follows:

Fiscal Year Ending June 30:	Amount
2023	\$ (6,772)
2024	(6,167)
2025	(5,638)
2026	(10,517)
2027	0
Thereafter	0
	<u>\$ (29,094)</u>

**NOTE 5 – Adjustments**

The following adjustments are required to adjust the Statement of Net Position and Statement of Activities to the accrual basis as required by GASB No. 63. These adjustments consist of:

1. The adjustments for capital assets, net of accumulated depreciation (Note 3) are added to the Statement of Net Position in the amount of \$942,837.
2. Various fund balances, reserved or designated by the Board of Directors have been eliminated and are now reported as a component of Net Position.
3. Current year depreciation expense of \$50,968 is reported as an addition to the Statement of Activities.
4. Current year capital acquisitions of \$64,114 are eliminated from the Statement of Activities and are reported as additions to fixed assets.
5. Employee benefits of \$50,378 related to GASB 68 is eliminated and pension plan revenue of \$164,057 is reported.

See independent auditors' report

SUPPLEMENTARY INFORMATION



**Sanger/Del-Rey Cemetery District**

Supplementary Information  
For the year ended June 30, 2022

**SCHEDULE I - Budgetary Comparison Schedule**

	All governmental funds		Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Burial fees and service	\$ 686,893	\$ 1,168,191	\$ 481,298
Property taxes	374,669	446,190	71,521
Interest income	7,861	42,892	35,031
Real estate rent	13,292	13,292	0
Other income	7,245	35	(7,210)
Total revenues	1,089,960	1,670,600	580,640
EXPENDITURES			
Salaries and wages	446,632	493,665	(47,033)
Employee benefits	315,000	259,486	55,514
Vaults and other costs of sales	64,300	89,802	(25,502)
Repairs and maintenance - grounds	61,600	74,812	(13,212)
Legal and professional	5,000	13,512	(8,512)
Utilities	22,000	17,907	4,093
Insurance	28,040	28,287	(247)
Travel and training	10,000	12,136	(2,136)
Workers' compensation insurance	15,588	16,824	(1,236)
Office supplies and postage	9,450	8,865	585
Repairs and maintenance - equipment	6,500	27,375	(20,875)
Fuel and oil	12,000	16,473	(4,473)
Telephone	8,000	8,887	(887)
Laundry and cleaning	6,500	7,393	(893)
Automobile allowance	6,500	6,000	500
Waste disposal	10,700	15,543	(4,843)
Auditing	26,000	25,900	100
Security/gate closure	5,850	5,850	0
Dues and subscriptions	4,300	4,353	(53)
Sand, cement and gravel	6,600	4,203	2,397
Tree trimming	2,500	3,400	(900)
Miscellaneous	700	3,293	(2,593)
Bank charges	1,200	1,009	191
Meals and entertainment	0	1,308	(1,308)
Loss on disposition of assets	0	4,038	(4,038)
Capital Outlay	15,000	64,114	(49,114)
Total expenditures	1,089,960	1,214,435	(124,475)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 0	456,165	\$ 456,165
Depreciation and Captial Additions		0	
Fund balance, beginning of year		3,119,665	
Fund balance, June 30		\$ 3,575,830	

See independent auditors' report

***Sanger/Del-Rey Cemetery District***

Supplementary Information

June 30, 2022

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**SCHEDULE II - Property Tax Revenues**

Current secured taxes	\$ 406,597
Current unsecured taxes	18,931
Homeowners' property tax relief	2,865
Other tax revenue	<u>17,797</u>
Total property tax revenues	<u>\$ 446,190</u>

**SCHEDULE III - Services and Fees Revenue**

Graves and plots	\$ 355,310
Vaults and urns	259,586
Opening and closing	262,190
Marker setting	86,815
Nonresident charges	67,295
Other income	<u>14,215</u>
Total general fund services and fees	1,045,411
Endowment care fund	<u>122,780</u>
Total services and fees revenue	<u>\$ 1,168,191</u>

**Sanger/Del-Rey Cemetery District**  
Supplementary Information  
For the year ended June 30, 2022

**SCHEDULE IV - Proportionate Share of the Net Pension Liability - Last 10 Years\***

	2022	2021	2020	2019	2018
Proportion of the net pension liability	0.002296 %	0.007307 %	0.006458 %	0.00537709 %	0.005523 %
Proportionate share of the net pension liability	\$ 43,596	\$ 308,229	\$ 258,599	\$ 202,647	\$ 217,721
Covered - employee payroll	\$ 436,152	\$ 429,180	\$ 389,203	\$ 373,106	\$ 373,106
Proportionate Share of the net penions liability as percentage of covered-employee payroll	10.00	71.82 %	66.44 %	54.31 %	58.35 %
Plan fiduciary net position as a percentage of the total pension liability	98.12 %	85.82 %	87.36 %	91.11 %	90.03 %

	2017	2016
Proportion of the net pension liability	0.00435166 %	0.00949219 %
Proportionate share of the net pension liability	\$ 151,154	\$ 260,415
Covered - employee payroll	\$ 369,659	\$ 349,866
Proportionate Share of the net penions liability as percentage of covered-employee payroll	40.89 %	74.43 %
Plan fiduciary net position as a percentage of the total pension liability	92.08 %	85.18 %

Plan's Proportionate Share of Aggregate Employer Contributions

\* Fiscal Year 2016 was the first year of implementation, therefore only seven years are shown

**Sanger/Del-Rey Cemetery District**  
Supplementary Information  
For the year ended June 30, 2022

**SCHEDULE V - Schedule of Contributions - Last 10 Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions (actuarially determined)	\$ 57,415	\$ 48,068	\$ 39,274	\$ 49,024	\$ 47,271
Contributions in relation to the actuarially determined contributions	<u>(57,415)</u>	<u>(50,650)</u>	<u>(39,274)</u>	<u>(62,176)</u>	<u>(54,661)</u>
Contribution deficiency (excess)	<u>0</u>	<u>(2,582)</u>	<u>0</u>	<u>(13,152)</u>	<u>(7,390)</u>
Covered-employee payroll	\$ 436,152	\$ 429,180	\$ 389,203	\$ 373,106	\$ 373,106
Contributions as a percentage of covered-employee payroll	13.16 %	11.80 %	10.09 %	16.66 %	14.65 %

	<u>2017</u>	<u>2016</u>
Contractually required contributions (actuarially determined)	\$ 51,906	\$ 50,008
Contributions in relation to the actuarially determined contributions	<u>(51,906)</u>	<u>(289,650)</u>
Contribution deficiency (excess)	<u>0</u>	<u>(239,642)</u>
Covered-employee payroll	\$ 369,659	\$ 369,659
Contributions as a percentage of covered-employee payroll	14.04 %	78.36

\* Fiscal Year 2016 was the first year of implementation, therefore only seven years are shown