



## COMMUNICATION OF MATERIAL WEAKNESSES

Tulare Public Cemetery District

In planning and performing our audits of the financial statements and internal control over financial reporting of Tulare Public Cemetery District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we noted certain matters involving internal control and its operation that we consider to be significant deficiencies and/or material weaknesses as defined by the AICPA.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ❖ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ❖ *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

**2023-01 Chart of Accounts:**

The *Special District Uniform Accounting and Reporting Procedures* defines a funds as follows:  
"A fiscal and accounting entity with a self-balancing set of accounts that record cash and other financial resources, together with all related liabilities and transfers or balances, and changes therein."

The current chart of accounts is not robust enough to have each fund (General Fund, Endowment Care Fund, and full accrual adjusting accounts (capital assets, and long-term liabilities)) as self-balancing sets of accounts. This would be were each account in the general ledger is identified to the fund they belong, including fund balance.

**Recommendation:**

Identify, in the account string, the fund which the object (salaries, benefits, supplies, services, etc.) belongs. For example, 01 for General Fund or 772 as was used by the County of Tulare. This would be done for all the accounts in the general ledger.

This communication is intended solely for the information and use of management and Board of Trustees and is not intended to be, and should not be, used by anyone other than these specified parties.

April 4, 2023

**TULARE PUBLIC CEMETERY DISTRICT**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2022**

**TULARE PUBLIC CEMETERY DISTRICT**

**TABLE OF CONTENTS**  
**JUNE 30, 2022**

---

**FINANCIAL SECTION**

Independent Auditor's Report..... - 1 -  
Basic Financial Statements  
    Governmental Funds Balance Sheet / Statement of Net Position ..... - 4 -  
    Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances / Statement of  
    Activities ..... - 6 -  
Notes to the Financial Statements ..... - 8 -

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule ..... - 25 -  
Schedule of Proportionate Share of the Net Pension Liability ..... - 26 -  
Schedule of Contributions ..... - 26 -

---

---

*FINANCIAL SECTION*

---

---



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Tulare Public Cemetery District  
Tulare, California

### REPORT ON THE FINANCIAL STATEMENTS

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Tulare Public Cemetery District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Tulare 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 of Tulare 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"). 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 Tulare 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.

#### *Responsibilities of Management for the Financial Statements*

Tulare 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 Tulare Public Cemetery District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *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.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity. The text explains that proper record-keeping is essential for identifying trends, managing cash flow, and complying with tax regulations.

Next, the document addresses the process of reconciling bank statements. It provides a step-by-step guide on how to compare the bank's records with the company's internal records. This process helps to identify any discrepancies, such as missing transactions or errors in recording, and ensures that the company's books are in balance with the bank's records. The text also discusses the importance of resolving any differences promptly to avoid potential issues.

The third section focuses on the preparation of financial statements. It outlines the key components of the balance sheet, income statement, and cash flow statement, and provides guidance on how to calculate and present each item. The document stresses the need for accuracy and transparency in these statements, as they are used by management, investors, and other stakeholders to make informed decisions. It also touches upon the importance of following generally accepted accounting principles (GAAP) to ensure consistency and comparability.

Finally, the document discusses the role of internal controls in maintaining financial accuracy. It describes various control measures, such as segregation of duties, authorization requirements, and regular audits, that help to prevent and detect errors or fraud. The text emphasizes that a strong internal control system is crucial for protecting the company's assets and ensuring the reliability of its financial information.

In performing an audit in accordance with GAAS, 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 Tulare Public Cemetery District's internal control. Accordingly, no such opinion is expressed.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ❖ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulare 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 budgetary comparison information and pension schedules on pages 25–26, 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.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

April 4, 2023

TULARE PUBLIC CEMETERY DISTRICT

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

	General Fund	Endowment Care Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 733,144	\$ 2,015,731	\$ 2,748,875
Stores inventory	1,565	-	1,565
Net pension asset	-	-	-
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
<b>Total Assets</b>	<b>734,709</b>	<b>2,015,731</b>	<b>2,750,440</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
	<b>\$ 734,709</b>	<b>\$ 2,015,731</b>	<b>\$ 2,750,440</b>
<b>LIABILITIES</b>			
Accrued payables	\$ 97,373	\$ -	\$ 97,373
Long-term liabilities, current	-	-	-
Long-term liabilities, non-current	-	-	-
<b>Total Liabilities</b>	<b>97,373</b>	<b>-</b>	<b>97,373</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>FUND BALANCE / NET POSITION</b>			
<b>Fund Balance</b>			
Non-spendable	2,042	1,749,253	1,751,295
Assigned	-	266,478	266,478
Unassigned	635,294	-	635,294
<b>Net Position</b>			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
<b>Total Fund Balance / Net Position</b>	<b>637,336</b>	<b>2,015,731</b>	<b>2,653,067</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION</b>			
	<b>\$ 734,709</b>	<b>\$ 2,015,731</b>	<b>\$ 2,750,440</b>

The accompanying notes are an integral part of these financial statements



Adjustments (Note 2-A.)	Statement of Net Position
\$ -	\$ 2,748,875
-	1,565
1,005,000	1,005,000
129,465	129,465
634,013	634,013
1,768,478	4,518,918
1,057,000	1,057,000
<u>\$ 2,825,478</u>	<u>\$ 5,575,918</u>
\$ -	\$ 97,373
1,943	1,943
15,102	15,102
17,045	114,418
242,000	242,000
(1,751,295)	-
(266,478)	-
(635,294)	-
755,978	755,978
1,749,253	1,749,253
2,714,269	2,714,269
2,566,433	5,219,500
<u>\$ 2,825,478</u>	<u>\$ 5,575,918</u>

**TULARE PUBLIC CEMETERY DISTRICT**

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

	<b>General Fund</b>	<b>Endowment Care Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUE</b>			
Program Revenue:			
Charges for services	\$ 1,228,752	\$ 126,391	\$ 1,355,143
Property taxes, general purpose	213,934	-	213,934
Grants and contributions not restricted to specific programs	69,342	-	69,342
Revenue from use of money	5,128	18,488	23,616
Other revenues	5,926	-	5,926
<b>Total Revenue</b>	<b>1,523,082</b>	<b>144,879</b>	<b>1,667,961</b>
<b>EXPENDITURES / EXPENSES</b>			
Current:			
Salaries and wages	523,601	-	523,601
Benefits	251,283	-	251,283
Supplies	140,964	-	140,964
Services	490,301	-	490,301
Depreciation	-	-	-
Capital Outlay	34,233	-	34,233
Debt Service	3,735	-	3,735
<b>Total Expenditures / Expenses</b>	<b>1,444,117</b>	<b>-</b>	<b>1,444,117</b>
<b>Excess (Deficiency) of Revenue over Expenditures/Expenses</b>	<b>78,965</b>	<b>144,879</b>	<b>223,844</b>
<b>OTHER FINANCING SOURCES/USES</b>			
Transfers - internal activity	82,224	(82,224)	-
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>161,189</b>	<b>62,655</b>	<b>223,844</b>
<b>Fund Balance / Net Position - Beg.</b>	<b>476,147</b>	<b>1,953,076</b>	<b>2,429,223</b>
<b>Fund Balance / Net Position - End</b>	<b>\$ 637,336</b>	<b>\$ 2,015,731</b>	<b>\$ 2,653,067</b>

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-B.)	Statement of Activities
\$ -	\$ 1,355,143
-	213,934
-	69,342
-	23,616
-	5,926
-	<u>1,667,961</u>
1,000	524,601
(1,285,000)	(1,033,717)
-	140,964
-	490,301
91,002	91,002
(34,233)	-
(1,955)	1,780
<u>(1,229,186)</u>	<u>214,931</u>
1,229,186	1,453,030
-	-
1,229,186	1,453,030
<u>1,337,247</u>	<u>3,766,470</u>
<u>\$ 2,566,433</u>	<u>\$ 5,219,500</u>

# TULARE PUBLIC CEMETERY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

---

### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **1 - A. Financial Reporting Entity**

The Tulare Public Cemetery District, was established August 1, 1927, under the State Cemetery District Act of 1909 and as subsequently amended. It was later incorporated in the California Health and Safety Code of 1939. At the time of organization, the Tulare Public Cemetery District took over the then existing Tulare City Cemetery, which had been in operation for approximately fifty years. The District operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code §9010. The District's Board of Trustees is appointed by the Tulare County Board of Supervisors.

#### **1 - B. 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. The general fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds, which are of particular importance to financial statement users.

**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.

# TULARE PUBLIC CEMETERY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

---

### **1 - C. 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 - D. 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.

**Deposits and Investments.** There are cash balances which are pooled and invested by the Tulare County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2022, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

**Accrued Receivables.** Interest receivables are 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.

# TULARE PUBLIC CEMETERY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

---

**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. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. 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>
Buildings	10 – 40
Site/Land Improvements	5 – 40
Equipment	5 – 10

**Accrued Liabilities and Long-Term Obligations.** All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits 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. Long-term loans are recognized as liabilities in the governmental fund financial statements when due.

**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.

*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 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.

# TULARE PUBLIC CEMETERY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2022

---

### 1 - E. 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. The non-current portion of the liability is not reported in governmental funds.

**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.

**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

---

**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** **\$ 2,653,067**

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:	\$ 2,238,939	
Accumulated depreciation:	(1,475,461)	763,478

---

**Long-term liabilities (assets):**

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:

Net Pension Liability (Asset)	(1,005,000)	
Compensated absences payable	9,000	
Capital leases payable	8,045	987,955

---

**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		1,057,000
Deferred inflows of resources relating to pensions		(242,000)

---

**Total Net Position - Governmental Activities:** **\$ 5,219,500**

---



**TULARE 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** **\$ 223,844**

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:	\$ 34,233	
Depreciation expense:	(91,002)	(56,769)

---

**Debt service:**

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

1,955

**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:

(1,000)

**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:

1,285,000

---

**Change in Net Position of Governmental Activities:** **\$1,453,030**

---

TULARE 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**

	<b>Governmental Activities</b>
Cash on hand	\$ 477
Deposits in financial institutions	53,203
Cash in county	2,695,195
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,748,875</b>

**3 - B. Policies and Practices**

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

<u>INVESTMENT TYPE</u>	<u>MAX. MATURITY</u>	<u>MAX % OF PORTFOLIO</u>	<u>MIN QUALITY</u>	<u>GOV'T CODE §§</u>
County Pooled Investment Funds	N/A	None	None	27133

**3 - C. Cash Deposits**

*Credit Risk.* As of June 30, 2022, the District's Cash in County pool consisted of debt securities and the ratings ranged from AAA to BBB by Standard & Poor's. The District's cash in county balances have a fair value measurement using other observable inputs (Level 2) as of June 30, 2022, in the amounts of \$2,615,135, respectively.

*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 bank balance totaled \$20,176 which was insured through the FDIC.

**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022

	<b>Balance</b>		<b>Balance</b>
	<b>Jul. 01, 2021</b>	<b>Additions</b>	<b>Jun. 30, 2022</b>
<b>Capital Assets Not Being Depreciated</b>			
Land	\$ 129,465	\$ -	\$ 129,465
<b>Capital Assets Being Depreciated</b>			
Buildings and improvements	\$ 1,483,429	\$ -	\$ 1,483,429
Equipment	581,812	34,233	616,045
Leased equipment	10,000	-	10,000
Total assets being depreciated	2,075,241	34,233	2,109,474
<b>Less Accumulated Depreciation</b>			
Buildings and improvements	1,089,356	39,037	1,128,393
Equipment	295,103	49,465	344,568
Leased equipment	-	2,500	2,500
Total accumulated depreciation	1,384,459	91,002	1,475,461
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 690,782</b>	<b>\$ (56,769)</b>	<b>\$ 634,013</b>

**NOTE 5 – ACCRUED PAYABLES**

Payables at June 30, 2022, were as follows:

	<b>General Fund</b>
Vendors	\$ 75,959
Payroll related	19,138
Sales tax	2,276
<b>Total Accrued Payables</b>	<b>\$ 97,373</b>

**NOTE 6 – INTERFUND ACTIVITIES**

Transfers to/from other funds for the year-ended June 30, 2022, consist of earnings in the Endowment Fund transferred to the General Fund in the amount of \$82,224 for future maintenance purposes.

**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

**NOTE 7 – LONG-TERM LIABILITIES**

**7 - A. Summary**

	Balance			Balance		Due In
	Jul. 01, 2021	Additions	Deletions	Jun. 30, 2022	One Year	
Lease payable	\$ 10,000	\$ -	\$ 1,955	\$ 8,045	\$ 1,943	
Compensated absence	8,000	1,000	-	9,000	-	
<b>Total Long-Term Liabilities</b>	<b>\$ 18,000</b>	<b>\$ 1,000</b>	<b>\$ 1,955</b>	<b>\$ 17,045</b>	<b>\$ 1,943</b>	

**7 - B. Lease Payable**

The District leases with a historical cost and accumulated depreciation of \$10,000 and \$2,500, respectively, under lease arrangements. Future lease payments at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,943	\$ 217	\$ 2,160
2024	1,988	172	2,160
2025	2,033	127	2,160
2026	2,081	79	2,160
<b>Total</b>	<b>\$ 8,045</b>	<b>\$ 595</b>	<b>\$ 8,640</b>

**7 - C. Compensated Absences**

The long-term portion of unpaid employee compensated absences for the year ended June 30, 2022 is \$9,000, to be paid out of the General Fund.

**NOTE 8 – DEFINED BENEFIT PENSION**

**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>.

**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

**Benefit Provided and Contributions.** Per the Tulare Public Cemetery District as of June 30, 2019 actuarial valuation report for the pension plan, the following are the benefits and employee and employer contribution requirements:

<b>Member Category</b>	<b>Benefit Group</b>	
	<b>Misc. - Classic</b>	<b>Misc. - PEPRA</b>
Benefit Formula	2% @ 60	2% @ 62
Social Security (Full/Modified)	Yes Modified	Yes Full
Employee Contribution Rate	7.00%	6.75%
Final Avg. Comp Period	3 Yr.	3 Yr.
Sick Leave Credit	Yes	Yes
Non-Industrial Disability	Standard	Standard
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%
Unfunded Liability	\$ -	\$311
Total Employer Contributions:	\$6,657	\$31,700

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, the District reported an asset of \$1,005,000 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:

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.

**TULARE 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, 2020. 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 respective miscellaneous and safety risk pools. At June 30, 2022, the District’s proportion was:

	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>	<u>Difference</u>
<b>Miscellaneous Plan:</b>			
Total Pension Liability Allocation Basis	0.0001007	0.0001012	-0.0000005
Fiduciary Net Position Allocation Basis	0.0001669	0.0001707	-0.0000038

For the year ended June 30, 2022, the District recognized pension expense of (\$1,239,000). 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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ (113,000)	\$ (113,000)
Net difference between projected and actual earnings on pension plan investments	878,000	-	878,000
Differences between Employer’s Contributions and Proportionate Share of Contributions	-	(129,000)	(129,000)
Change in Employer’s Proportion	144,000	-	144,000
District contributions subsequent to the measurement date	35,000	-	35,000
<b>Total</b>	<b>\$ 1,057,000</b>	<b>\$ (242,000)</b>	<b>\$ 815,000</b>

# TULARE 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	\$ 186,000
2024	178,000
2025	209,000
2026	242,000
<b>Total</b>	<b>\$ 815,000</b>

### Actuarial Assumptions and Discount Rate Information

**Actuarial Methods and Assumptions.** The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, 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 <sup>1</sup>	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

<sup>1</sup> 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.

**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

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

<b>Asset Class <sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10 <sup>2</sup></b>	<b>Real Return Years 11+ <sup>3,4</sup></b>
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)%

<sup>1</sup> In the System's Annual Comprehensive Financial Report (ACFR), 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.

<sup>2</sup> An expected inflation rate of 2.00% used for this period.

<sup>3</sup> An expected inflation rate of 2.92% used for this period.

<sup>4</sup> 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 Asset 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:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
<b>District's proportionate share of the net pension asset:</b>	\$ 739,000	\$ 1,005,000	\$ 1,224,000

**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.



**TULARE PUBLIC CEMETERY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2022**

**NOTE 9 – FUND BALANCE**

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

	<b>General Fund</b>	<b>Endowment Care Fund</b>	<b>Total Governmental Funds</b>
Nonspendable			
Petty cash	\$ 477	\$ -	\$ 477
Inventory	1,565	-	1,565
Endowment care corpus	-	1,749,253	1,749,253
<b>Total Nonspendable</b>	<b>2,042</b>	<b>1,749,253</b>	<b>1,751,295</b>
Assigned			
Endowment Care	-	266,478	266,478
Unassigned	635,294	-	635,294
<b>Total Fund Balances</b>	<b>\$ 637,336</b>	<b>\$ 2,015,731</b>	<b>\$ 2,653,067</b>

---

---

*REQUIRED SUPPLEMENTARY INFORMATION*

---

---

**TULARE PUBLIC CEMETERY DISTRICT**

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUE</b>				
Program Revenue:				
Charges for services	\$ 732,182	\$ 732,182	\$ 1,228,752	\$ 496,570
Property taxes, general purpose	195,000	195,000	213,934	18,934
Grants and contributions not restricted to specific programs	-	-	69,342	69,342
Revenue from use of money	3,000	3,000	5,128	2,128
Other revenues	18,200	18,200	5,926	(12,274)
<b>Total Revenue</b>	<b>948,382</b>	<b>948,382</b>	<b>1,523,082</b>	<b>574,700</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	538,000	538,000	523,601	14,399
Benefits	183,000	183,000	251,283	(68,283)
Supplies	97,000	97,000	140,964	(43,964)
Services	283,200	283,200	490,301	(207,101)
Capital Outlay	238,600	238,600	34,233	204,367
Debt Service	-	-	3,735	(3,735)
<b>Total Expenditures</b>	<b>1,339,800</b>	<b>1,339,800</b>	<b>1,444,117</b>	<b>(104,317)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(391,418)</b>	<b>(391,418)</b>	<b>78,965</b>	<b>470,383</b>
<b>OTHER FINANCING SOURCES/USES</b>				
Transfers - internal activity	-	-	82,224	82,224
<b>NET CHANGE IN FUND BALANCE</b>	<b>(391,418)</b>	<b>(391,418)</b>	<b>161,189</b>	<b>552,607</b>
<b>Fund Balance - Beginning</b>	<b>476,147</b>	<b>476,147</b>	<b>476,147</b>	
<b>Fund Balance - Ending</b>	<b>\$ 84,729</b>	<b>\$ 84,729</b>	<b>\$ 637,336</b>	<b>\$ 552,607</b>

TULARE PUBLIC CEMETERY DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2022	2021	2020	2019	2018	2017	2016
<b>Miscellaneous Plan:</b>							
District's proportion of the net pension liability (asset)	-0.05%	-0.01%	-0.02%	-0.02%	-0.01%	-0.02%	-0.02%
District's proportionate share of the net pension (asset)	\$ (1,005,000)	\$ (595,000)	\$ (602,000)	\$ (598,000)	\$ (504,000)	\$ (605,000)	\$ (475,000)
District's covered payroll	410,000	259,000	243,000	249,000	281,000	251,000	318,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-245%	-230%	-248%	-240%	-179%	-241%	-149%
Plan fiduciary net position as a percentage of the total pension liability	166%	131%	133%	132%	131%	139%	133%

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

**SCHEDULE OF CONTRIBUTIONS**

	2022	2021	2020	2019	2018	2017	2016
<b>Miscellaneous Plan:</b>							
Contractually required contribution	\$ 35,442	\$ 26,874	\$ 18,130	\$ 20,155	\$ 15,345	\$ 17,583	\$ 18,779
Contributions in relation to the contractually required contribution	(35,442)	(26,874)	(18,130)	(20,155)	(15,345)	(17,583)	(18,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	505,000	410,000	259,000	243,000	249,000	281,000	251,000
Contributions as a percentage of covered payroll	7%	7%	7%	8%	6%	6%	7%