

Public Cemetery District No. 1 of Kern County

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>
Assets:	
Cash and Investments	\$ 7,927,458
Receivables, net	438,511
Inventory	162,543
Capital Assets, not being depreciated	353,340
Depreciable Capital Assets, net of accumulated depreciation	<u>799,153</u>
Total Assets	<u>9,681,005</u>
Deferred Outflows of Resources:	
Deferred Pensions	<u>616,884</u>
Total Deferred Outflows of Resources	<u>616,884</u>
Liabilities:	
Accounts Payable	11,296
Accrued Wages	15,878
Accrued Compensated Absences	84,838
Net Pension Liability	1,474,230
Unearned Revenue	<u>2,709,483</u>
Total Liabilities	<u>4,295,725</u>
Deferred Inflows of Resources:	
Deferred Pensions	<u>142,032</u>
Total Deferred Inflows of Resources	<u>142,032</u>
Net Position:	
Net Invested in Capital Assets	1,152,493
Restricted for Endowment Care - Nonexpendable	1,933,388
Restricted for Endowment Care - Expendable	301,232
Unrestricted	<u>2,473,019</u>
Net Position	<u><u>\$ 5,860,132</u></u>

The accompanying notes are an integral part of these financial statements.

Public Cemetery District No. 1 of Kern County

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

<u>Functions / Programs</u>	Program Revenues				Net (Expenses)
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Revenues and Changes in Net Position Governmental Activities</u>	
Governmental Activities:					
Cemetery	\$ 1,018,431	\$ 633,877	\$ -	\$ 85,600	\$ (298,954)
Total Governmental Activities	\$ 1,018,431	\$ 633,877	\$ -	\$ 85,600	\$ (298,954)
General Revenues:					
Property Tax					1,100,268
Unrestricted investment earnings					107,545
Miscellaneous					-
Contributions to Permanent Funds					103,620
Total General Revenues and Contributions					1,311,433
Changes in Net Position					1,012,479
Net Position, Beginning					4,847,653
Net Position, Ending					\$ 5,860,132

The accompanying notes are an integral part of these financial statements.

Public Cemetery District No. 1 of Kern County

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Permanent Fund	Total Governmental
Assets:			
Cash and Investments	\$ 5,703,638	\$ 2,223,820	\$ 7,927,458
Receivables, net	438,511	-	438,511
Due From Other Funds	-	10,800	10,800
Inventories	162,543	-	162,543
Total Assets	\$ 6,304,692	\$ 2,234,620	\$ 8,539,312
Liabilities:			
Accounts Payable	\$ 11,296	\$ -	\$ 11,296
Accrued Wages	15,878	-	15,878
Due To Other Funds	10,800	-	10,800
Unearned Revenue	2,709,483	-	2,709,483
Total Liabilities	2,747,457	-	2,747,457
Fund Balances:			
Nonspendable:			
Inventories	162,543	-	162,543
Cemetery Endowment Care	-	1,933,388	1,933,388
Restricted:			
Cemetery Maintenance	-	301,232	301,232
Assigned:			
Capital Projects	400,041	-	400,041
Unassigned	2,994,651	-	2,994,651
Total Fund Balance	3,557,235	2,234,620	5,791,855
Total Liabilities & Fund Balance	\$ 6,304,692	\$ 2,234,620	\$ 8,539,312

The accompanying notes are an integral part of these financial statements.

Public Cemetery District No. 1 of Kern County
RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
June 30, 2023

Fund balances of governmental funds \$ 5,791,855

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

Capital assets used in governmental activities are not current financial
resources, and therefore, are not reported in the Governmental Funds
Balance Sheet. However, the Statement of Net Position includes those
capital assets among the assets of the District as a whole.

Beginning Balance, net of depreciation	\$ 1,137,811	
Current Year Additions	94,668	
Current Year Deletions	-	
Current Year Depreciation	<u>(79,986)</u>	
Ending Balance, net of depreciation		1,152,493

Deferred outflows of resources for the pension plan are reported
in the Statement of Net Position. 616,884

Deferred inflows of resources for the pension plan are reported
in the Statement of Net Position. (142,032)

Long-term liabilities are not due and payable in the current period, and
therefore, are not reported as liabilities in the Governmental Funds
Balance Sheet. All liabilities, both current and long-term, are reported
in the Statement of Net Position.

Net Pension Liability	(1,474,230)	
Compensated Absences	<u>(84,838)</u>	
Total Long-Term Liabilities		<u>(1,559,068)</u>

Net position of governmental activities \$ 5,860,132

Public Cemetery District No. 1 of Kern County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) GOVERNMENTAL FUNDS Year ended June 30, 2023

	General Fund	Permanent Fund	Total Governmental
Revenues:			
Property Taxes	\$ 1,100,268	\$ -	\$ 1,100,268
Burials	633,877	103,620	737,497
Use of Money or Property	75,689	31,856	107,545
Grants & Donations	85,600	-	85,600
	1,895,434	135,476	2,030,910
Expenditures:			
Current:			
Salaries and Employee Benefits	786,916	-	786,916
Services and Supplies	444,243	-	444,243
Capital Outlay:			
General Capital Outlay	89,158	-	89,158
	1,320,317	-	1,320,317
Revenues Over (Under) Expenditures	575,117	135,476	710,593
Other Financing Sources (Uses):			
Operating Transfers In (Out)	(2,345)	2,345	-
	(2,345)	2,345	-
Net Change in Fund Balances	572,772	137,821	710,593
Fund Balance - Beginning	2,984,463	2,096,799	5,081,262
Fund Balance - Ending	\$ 3,557,235	\$ 2,234,620	\$ 5,791,855

The accompanying notes are an integral part of these financial statements.

Public Cemetery District No. 1 of Kern County
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2023

Net change in fund balance - total governmental funds	\$	710,593
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which capital expenditures (\$94,668) exceeded depreciation (\$79,986) in the current period.		14,682
The change in accrued net pension liability does not require the use of current financial resources and therefore is not reported as an expenditure in government funds.		291,114
Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.		<u>(3,910)</u>
Change in net position of governmental activities	<u>\$</u>	<u>1,012,479</u>

The accompanying notes are an integral part of these financial statements.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Public Cemetery District No. 1 of Kern County (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the District's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

A - Reporting Entity

The District was established on July 23, 1928 pursuant to Part 4 of division 8 of the Health and Safety Code. The District is governed by a board of trustees consisting of three members appointed by the County Board of Supervisors for a term of four years. The District operates and maintains two cemeteries located in Shafter and Wasco areas of Kern County. Use of the cemeteries is limited to burial of residents of the District or for a family of a resident who has purchased a burial lot, or such nonresident of the District as may become eligible for burial in the District cemetery under the provisions of Sections 8921.2 of the Health and Safety Code.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

B - Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been allocated to major functions in order to present a more accurate and complete picture of the cost of services. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

The major funds are as follows:

Governmental Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property tax and user fees.

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs. The Permanent Fund consists of the endowment funds received for the ongoing support and maintenance of the grounds and facilities.

Proprietary Funds

None

Fiduciary Fund

None

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

C - Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

D - Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items

Cash and Investments

Cash balances of each of the District's funds are held in separate accounts.

Statutes authorize investments in obligations of the United States Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and investment pools. The District's endowment fund is also authorized to invest in corporate bonds rated A or better by a national rating system generally recognized and used by banks and investment brokers in the United States.

Investments are primarily comprised of holdings in investment pools, certificates of deposit, corporate bonds, muni bonds, and mutual funds. Investments are stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion) of interfund loans. All other outstanding balances between funds are reported as interfund receivables/interfund payables.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Property Taxes

Secured property taxes are levied during September of each year for the fiscal year beginning with the preceding July 1 and ending the following June 30. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. The Kern County Assessor establishes the value of the property on January 1. Taxes are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

Inventories

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute “available expendable resources” even though they are a component of net current position.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, irrigation and drainage systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 (\$5,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	20
Machinery and Equipment	5 - 8
Infrastructure	20 - 75

Compensated Absences

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and one-half of sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

Pensions

The District implemented GASB Statements No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27” and No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68”.

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the District recognizes a net pension liability that represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by CalPERS. The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The change in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits as of the beginning of the measurement period and are recorded as a component of pension expense.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pension and pension expense, information about the fiduciary net position of the District's pension plan with CalPERS 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.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Invested In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports restricted net position of \$2,234,620 due to the external laws that restrict the use of cemetery endowment funds.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, it is the District's policy to use restricted net position first, and then unrestricted net position as they are needed.

Fund Balance – Government Funds

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

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Board of Director resolution. This includes the budget reserve account.

Assigned – Amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the District Manager.

Unassigned – All other spendable amounts.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the District's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance: Restricted, Committed, Assigned, and Unassigned.

The District does not have a formal minimum fund balance requirements.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

Appropriated Budget and Budgetary Control

The Board of Trustees is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund. The budget is presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America.

The level of appropriated budgetary control is at the functional departmental level. The District Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the Board of Trustees by a majority vote. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets, all property and rights purchased with such amounts and all income attributable to such amounts, are held in trust for the exclusive benefit of the participants and the beneficiaries. The plan is administered by independent plan administrators through administrative service agreements. The District does not have fiduciary responsibility for the plan assets.

Note 2 – Cash and Investments

The following is a summary of the District's cash, cash equivalents, and investments with fiscal agents at June 30, 2023:

Cash on Hand	\$	650
Demand Deposits		382,018
Nonnegotiable CDs		638,607
Investments		<u>6,906,183</u>
Total	\$	<u><u>7,927,458</u></u>

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 2 – Cash and Investments, (continued)

Deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At June 30, 2023, the District has \$134,451 exposed to custodial credit risk as the demand deposit and nonnegotiable cd balance do not exceeded the FDIC insurance. At other times throughout the year these balances may exceed the federally insured limit.

Investments:

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: 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. All the District’s investments are measured using Level 1 inputs based on quoted market prices as follows:

	Fair Value		Maturities
Cash held by County of Kern	\$ 4,136,300		
Stifel Money Market Account	27,262		
Debt Investments:			
Corporate Bonds & Notes	1,094,054		1-6 years
Government Muni Bonds	189,758		1-4 years
Government Backed Debt Securities (GNMA & FNMA)	1,215,496		1-30 years
Mutual Funds	243,313		n/a
	\$ 6,906,183		

Interest rate risk – The District’s maturities in debt investments range from one to eighteen years as identified above. The District’s policy for interest rate risk is to accept this risk. The District may attempt to mitigate this risk by laddering the investment portfolio over a series of years.

Credit risk – The District is required to disclose the credit quality ratings of investments in debt securities as issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2023, the District’s investments in Corporate Bonds were rated A and A- by Standard and Poor’s. The investments in Government Bonds were rated A+ by Standard and Poor’s. Ratings for investments in Government Backed Debt Securities are not required to be disclosed since they are backed by the Federal government. The rating for the Stifel Money Market Account was unavailable at June 30, 2023. The District’s credit risk policy requires investments in debt securities bear a Standard and Poor’s financial rating of AAA at the time of the investment.

Concentration of credit risk – At June 30, 2023 more than 5% of the District’s investments were held by the County of Kern and Stifel. The District’s policy is to accept concentrations of credit risk as long as the District’s primary investment objectives of capital preservation and liquidity are maintained.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 2 – Cash and Investments, (continued)

Custodial credit risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023 all debt investments are held by the investment's counterparty, not in the District's name. The District's policy is to accept custodial credit risk to the extent there is Securities Investor Protection Coverage (SIPC) and excess SIPC available. Securities purchased that exceed available SIPC shall be transferred to the District's custodian.

Note 3 – Receivables

Receivables at June 30, 2023 consist of the following:

	General	Permanent	Total Governmental
Governmental Activities:			
Contract Sales Receivable	\$ 361,723	\$ -	\$ 361,723
Grant Receivable	76,788	-	76,788
Less Allowance for Doubtful Accounts	-	-	-
Total	\$ 438,511	\$ -	\$ 438,511

Note 4 – Interfund Receivables, Payables, Advances and Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Fund	Due From Other Funds	Due To Other Funds
Government Funds:		
General Fund	\$ -	\$ 10,800
Permanent Fund	10,800	-
Total Governmental Funds	10,800	10,800

Composition and purpose of interfund receivables and payables is as follows:

\$10,800 is owed from the General Fund to the Permanent Fund. This amount represents endowment money collected by the General Fund that had not been transferred to the Permanent Fund as of June 30, 2023.

Note 5 – Inventory

At June 30, 2023, the General Fund had in Inventory various sized crypts, vaults and liners with an aggregate cost of \$162,543.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 6 – Capital Assets

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

Governmental Activities	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 353,340	\$ -	\$ -	\$ 353,340
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	353,340	-	-	353,340
Capital assets, being depreciated:				
Buildings and Improvements	1,755,973	-	-	1,755,973
Machinery and Equipment	812,663	94,668	-	907,331
Total capital assets, being depreciated	2,568,636	94,668	-	2,663,304
Less accumulated depreciation for:				
Buildings and Improvements	1,038,600	43,092	-	1,081,692
Machinery and Equipment	745,565	36,894	-	782,459
Total accumulated depreciation	1,784,165	79,986	-	1,864,151
Total capital assets, being depreciated, net	784,471	14,682	-	799,153
Governmental activities capital assets, net	\$ 1,137,811	\$ 14,682	\$ -	\$ 1,152,493

Depreciation charged to Cemetery Services on the Statement of Activities during the year was \$79,986.

Note 7 – Compensated Absences

	Balance June 30, 2022	Additions	Delitions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 80,928	\$ 3,910	\$ -	\$ 84,838	\$ -

Note 8 – Unearned Revenue

Unearned Revenue consists of moneys received where the District has not yet incurred the qualifying expenditures. At June 30, 2023 the District had unearned pre-need burial sales of \$2,709,483.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 9 – Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position that applies to a future reporting period and so will not be recognized as an expense or expenditure until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the outflows from changes in the net pension liability.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflows of resources is defined as an acquisition of net position that applies to a future reporting period and so will not be recognized as revenue until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the inflows from changes in the net pension liability.

Note 10 – Public Entity Risk Pools

The District maintains self-insurance programs for workers’ compensation, property, and liability coverage through its membership in the Special Districts Risk Management Authority (SDRMA). SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code. The purpose of the Authority is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services. The Board of Directors is composed of nine members elected by the districts who are participating in the Authority. The District does not exercise any control over activities of the Authority beyond its representation on the Board of Directors. Contributions are determined in advance of each membership year and members are subject to dividends and/or assessments.

The District did not have settled claims that exceeded the District’s commercial insurance coverage in any of the past three years.

The District’s deductibles and maximum coverage are as follows:

Coverage Description	Deductibles	Limit
General Liability	\$500 on property damage per occurrence	\$2.5 million per occurrence, no annual aggregate
Auto Liability	\$1,000 on property damage per occurrence	\$2.5 million per occurrence, no annual aggregate
Property	\$1,000 per occurrence	Replacement cost with \$1 billion limit
Boiler & Machinery	\$1,000 per occurrence	Repair/Replacement cost with \$100 million limit
Public Officials Personal Liability	\$1,000 per claim	\$500,000 each official / annual aggregate
Employee Dishonesty Coverage	None	\$1 million per loss
Workers' Compensation and Employer's Liability	None	\$5 million for Employer's Liability and statutory limits for Worker's Compensation

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 10 – Public Entity Risk Pools, (continued)

The latest audited financial information available from SDRMA is for the year ended June 30, 2021 as follows:

Total Assets	\$ 140,466,966
Total Liabilities	<u>74,123,679</u>
Total Members' Equity	<u>\$ 66,343,287</u>
Total Revenue	\$ 83,706,987
Total Expenses	<u>78,306,334</u>
Net Increase in Members' Equity	<u>\$ 5,400,653</u>

Note 11 – Retirement Plan

Plan Description. The District contributes to the Miscellaneous Plan (Plan) which is a cost sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established by state statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board resolution. CalPERS issues a separate comprehensive annual financial report which is publicly available and can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and plan beneficiaries. The District has two Tiers of benefits. Tier I – Applicable to employees hired prior to January 1, 2013, with a formula of 3% at age 60. Tier II – Applicable to new CalPERS members hired on or after January 1, 2013, as a result of Public Employees' Pension Reform Act of 2013 (PEPRA) with a formula of 2.0% at age 62.

As of the June 30, 2022 measurement date, the district had the following employees covered by benefit term:

	Tier I	Tier II
Active	2	4
Transferred	1	-
Seperated	-	1
Retired	8	-

Contributions. Active plan members are required to contribute 8% of their annual covered salary. The District makes no contributions required of District employees on their behalf and for their account. The District is also required to contribute the actuarially determined annual required contributions necessary to fund the plans. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average required employer contribution rate for the fiscal year 2022-23 was 14.53% (Tier I) and 7.47% (Tier II) of annual covered salary. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 11 – Retirement Plan, (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. At June 30, 2023, the District reported a liability of \$1,474,230 for its proportionate share of the net pension liability (total pension liability of \$5,012,841 less plan fiduciary net position of \$3,538,611). The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the District's proportion was 0.03151 percent, which was a decrease of 0.01057 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$130,777. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 151,066	\$ -
Difference between Expected and Actual Experience	29,605	19,828
Difference between Projected and Actual Investment Earnings	270,040	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	42,828
Changes in Employer's Proportion	5,837	79,376
Pension Contributions Made Subsequent to Measurement Date	160,336	-
Total	\$ 616,884	\$ 142,032

The \$160,336 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,		
2024	\$	65,488
2025		54,349
2026		29,513
2027		165,166
2028		-
Thereafter		-
	\$	314,516

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 11 – Retirement Plan, (continued)

Actuarial Methods and Assumptions. The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

* The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% Of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Change of Assumption. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 11 – Retirement Plan, (continued)

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 6.90%. 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 to 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 Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using a discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 2,157,570	\$ 1,474,230	\$ 912,010

Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial report. The plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Amortization of Deferred Outflows and Deferred Inflows of Resources. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Public Cemetery District No. 1 of Kern County

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Note 11 – Retirement Plan, (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for 2ERF C for the June 30, 2022 measurement date is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of all active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Payable to the Pension Plan. At June 30, 2023, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2023.

Note 12 – Other Disclosures

Economic Dependency

Burial revenues from residents within the District's boundaries represent 33% of the District's revenue. Property taxes collected within the County of Kern represent 58% of the District's revenues.

Date of Management Evaluation

Management has evaluated subsequent events through October 11, 2023, the date on which the financial statements were available to be issued.

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue.

Contingencies

The District has a contingent property tax liability for its share of tax refund claims pending against the County of Kern attributable to taxes paid by property owners but disputed. Because both the amount of the contingency and the expected outcome cannot be determined, the liability has not been provided for in the financial statements. At June 30, 2021, the latest date reported by the County, the contingent liability was \$265,529.

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REQUIRED SUPPLEMENTARY INFORMATION

Public Cemetery District No. 1 of Kern County

RETIREMENT PLAN SCHEDULES

Year ended June 30, 2023

Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Proportion of the Net Pension Liability/(Asset)	0.03151%	0.04207%	0.02996%	0.02922%	0.02842%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,474,230	\$ 798,876	\$ 1,263,605	\$ 1,169,951	\$ 1,071,218
Covered-Employee Payroll	\$ 394,961	\$ 360,544	\$ 415,694	\$ 394,171	\$ 338,505
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	373.26%	221.58%	303.97%	296.81%	316.46%
Proportionate Share of the Fiduciary Net Position as a Percentage of the District's Total Pension Liability	70.59%	83.12%	72.61%	74.68%	75.89%
Proportionate Share of Aggregate Employer Contributions	\$ 183,551	\$ 154,759	\$ 149,641	\$ 142,962	\$ 128,411
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	
Proportion of the Net Pension Liability/(Asset)	0.02770%	0.02257%	0.02212%	0.01010%	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,091,780	\$ 784,169	\$ 606,939	\$ 628,633	
Covered-Employee Payroll	\$ 338,898	\$ 319,651	\$ 305,956	\$ 301,301	
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	322.16%	245.32%	198.37%	208.64%	
Proportionate Share of the Fiduciary Net Position as a Percentage of the District's Total Pension Liability	74.69%	79.19%	83.48%	83.03%	
Proportionate Share of Aggregate Employer Contributions	\$ 121,889	\$ 110,523	\$ 107,331	\$ 83,166	

Schedule of District Contributions

	<u>Year Ended</u>				
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Contractually Determined Contribution (Actuarially)	\$ 147,186	\$ 130,674	\$ 124,819	\$ 107,645	\$ 86,654
Contributions in Relation to the Actuarially Determined Contribution	(147,186)	(130,674)	(124,819)	(107,645)	(86,654)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	
Covered-Employee Payroll	\$ 338,898	\$ 319,651	\$ 305,956	\$ 301,301	\$ 338,505
Contributions as a Percentage of Covered-Employee Payroll	37.27%	36.24%	30.03%	27.31%	25.60%
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	
Contractually Determined Contribution (Actuarially)	\$ 80,799	\$ 70,395	\$ 49,445	\$ 46,700	
Contributions in Relation to the Actuarially Determined Contribution	(80,799)	(70,395)	(49,445)	(46,700)	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	
Covered-Employee Payroll	\$ 338,898	\$ 319,651	\$ 305,956	\$ 301,301	
Contributions as a Percentage of Covered-Employee Payroll	23.84%	22.02%	16.16%	15.50%	

Notes to Schedules

Until a full 10-year trend is compiled, the information will be presented for those years for which information is available. Historical information is required only for measurement periods for which GASB 68 is applicable.

Change in Assumptions: The discount rate was changed from 7.65% at 6/30/2016 to 7.15% at 6/30/2017 and to 6.90% at 6/30/2022 measurement dates.

Public Cemetery District No. 1 of Kern County
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT), BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2023

	Original & Final Budget	Actual	Actual Over (Under) Budget
Revenues:			
Property Taxes	\$ 1,003,385	\$ 1,100,268	\$ 96,883
Burials	576,530	633,877	57,347
Use of Money or Property	26,650	75,689	49,039
Grants & Donations	-	85,600	85,600
Total Revenues	1,606,565	1,895,434	288,869
Expenditures:			
Salaries and Employee Benefits	808,934	786,916	(22,018)
Services and Supplies	375,318	444,243	68,925
Capital Outlay:			
General Capital Outlay	316,700	89,158	(227,542)
Total Expenditures	1,500,952	1,320,317	(180,635)
Revenues Over (Under) Expenditures	105,613	575,117	469,504
Other Financing Sources (Uses):			
Operating Transfers In (Out)	-	(2,345)	(2,345)
Total Other Financing Sources (Uses)	-	(2,345)	(2,345)
Net Changes in Fund Balance	<u>\$ 105,613</u>	572,772	<u>\$ 467,159</u>
Fund Balance - Beginning		<u>2,984,463</u>	
Fund Balance - Ending		<u>\$ 3,557,235</u>	

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