

PORTERVILLE PUBLIC CEMETERY DISTRICT

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities	14
Notes to the Financial Statements	15-29
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	30-31
Schedule of the District's Proportionate Share of Net Pension Liability	32
Schedule of the District's Contributions	33
Other Independent Auditor's Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Porterville Public Cemetery District
Porterville, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Porterville Public Cemetery District as of and for the year ended June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Porterville 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

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

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

Auditor's Responsibility 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Porterville 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 Porterville Public Cemetery District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Matter

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pine, Pedroncelli & Aguiar, Inc
Visalia, California
January 27, 2023

**PORTERVILLE PUBLIC CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The Porterville Public Cemetery District was formed in 1922 and operates under the California Health and Safety code regarding public cemetery districts. The District is governed by a Board of Directors which is appointed by the Tulare County Board of Supervisors. The District has a full time manager, secretary and eight additional employees that are responsible for providing burial services, upkeep of the cemetery grounds, and installing military veteran markers.

The District encompasses approximately 78 acres of developed land and 74 acres of undeveloped land on eight cemetery sites. Of the cemetery sites, five are located in Porterville and three are located in Springville. The cemeteries are known as Porterville, Home of Peace, Hillcrest, Saint Anne's, Vandalia, Springville, Crabtree, and Duncan-McDonald. The Porterville Public Cemetery District has approximately 3,160 burial sites that are still available amongst all the cemeteries and adequate property to increase the number of burial sites in the future.

During the fiscal year the District had approximately 35,000 square feet of roads repaired, 1,575 square feet of roll curb installed, and approximately 1,480 square feet of cement work done at Hillcrest cemetery.

The District is an endowment care facility. Additional funds are collected with each burial and are reserved in a separate fund for the future maintenance and upkeep of the District facilities.

As a public cemetery, the District receives an allocation of property tax revenue from Tulare County. The District received \$357,384 in the current fiscal year in property tax allocations. These funds are used to augment the burial service fees to cover the current operating costs of the District.

Discussion of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

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

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the components reported as net position.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occur, regardless of the timing of related cash flows. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

**PORTERVILLE PUBLIC CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like many other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal obligations. The District has two kinds of funds, a general fund and a permanent fund. The fund financial statements can be found on pages 11 through 14 of this report.

General Fund - The General Fund is used to account for all revenues and expenditures necessary to carryout basic governmental activities of the District.

Endowment Care Fund - The Endowment Care Fund is a permanent fund used to account for the endowment collections. The District is required, by law, to maintain this fund. The purpose of this fund is to provide sufficient funds to properly maintain the cemetery grounds once all available grave sites have been used.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 29 of this report.

Required Supplementary Information

In accordance with generally accepted accounting principles, the District presents required supplementary information other than the management's discussion and analysis, including the budgetary comparison schedule and net pension liability information schedules. The District adopts an annual appropriated budget for its General fund. The budgetary comparison schedule demonstrates compliance with the budget. Required supplementary information can be found on pages 30 through 33 of this report.

Governmental Activities:

The following condensed financial information is provided:

Condensed Statement of Net Position

	<u>2022</u>	<u>2021</u>
Assets	\$ <u>5,774,347</u>	\$ <u>5,449,399</u>
Deferred Outflow of Resources	<u>185,974</u>	<u>193,840</u>
Liabilities	<u>1,113,625</u>	<u>1,261,777</u>
Deferred Inflow of Resources	<u>391,037</u>	<u>19,776</u>
Net Position	\$ <u><u>4,455,659</u></u>	\$ <u><u>4,361,686</u></u>

**PORTERVILLE PUBLIC CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Condensed Statement of Activities

	2022	2021
Total Revenues	\$ 1,278,845	\$ 1,355,061
Total Expenditures	(1,184,872)	(939,264)
Change in Net Position	93,973	415,797
Net Position - Beginning	4,361,686	3,945,889
Net Position - Ending	\$ 4,455,659	\$ 4,361,686

Management's Comments on the Condensed Financial Information

It is the opinion of the District's management that the District continues to be in excellent financial condition. The District has sufficient assets to cover liabilities and has adequate cash flow to meet current obligations.

The District's total net position increased by \$93,973. This is due mostly to the continued practice of reserving the endowment care funds as previously mentioned. The District continues to charge burial fees in an adequate amount to cover current operating costs.

Condensed Budget Comparisons

The District prepares an annual budget of projected operating revenue and expenditures. The District's Board of Directors reviews and adopts the budget as an operating guideline for the year. A condensed version of the operating fund is presented below:

	Budget	Actual
Revenues	\$ 985,375	\$ 1,175,557
Expenditures	(1,499,200)	(1,228,185)
Excess (Deficiency) Expenditures over Revenues	\$ (513,825)	\$ (52,628)

Management does not adopt a budget for the Endowment Care Fund. Revenue consists of property taxes, interest earned, and charges for current services.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Management's Comments on Budget Results

District revenues are variable due to the burial options chosen by families and the number of interments during the year. An increase in the number of burials reflected revenues that were more than projected. Interest earned during the fiscal period was also more than expected.

District expenditures for salaries and employee benefits were more than expected due to additional personnel and GASB 68 implementation which directly affects employee benefits costs.

End of year balances reflect adequate net position to meet the needs of the District.

Management's Comments on Current Year Burial Services

The District's burial numbers for the past five years are presented below:

Burials July 1st through June 30th for Fiscal Years:

2021 - 2022	413
2020 - 2021	434
2019 - 2020	337
2018 - 2019	347
2017 - 2018	374

The District has adequate property to provide continued burial services for a number of future years.

Current burial fees of the District are summarized as follows for the year ended June 30,:

	2022	2021
Ground Burials - Single	\$ 2,497	\$ 2,385
Ground Burials - Double Crypt	\$ 2,931	\$ 2,798
Cremation Ground	\$ 1,014	\$ 970
Cremation Above Ground	\$ 1,169	\$ 1,118

Management's Comments on the Investment of District Funds

The responsibility for the accounting and investment of District funds resides with the Board of Directors. The Board is limited in its investment choices by the applicable sections of the California Health and Safety code. Currently the District keeps its excess funds with the County of Tulare, Bank of the Sierra and Bank of America.

Funds held by the Bank of the Sierra and Bank of America consist of certificates of deposit.

The District's funds are managed by the Tulare County Treasurer and the Board of Directors to achieve an adequate return with minimal risk.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Management's Comments on Capital Assets and Long-Term Debt

The District's capital assets consist of land, buildings, and equipment. The land comprises approximately 152 acres and has been engineered to provide burial plots. The buildings include the District office and miscellaneous other service structures. The District has various types of equipment to provide burial services and grounds maintenance.

The District's long-term liabilities consists of compensated absences and Net Pension Liability.

Management's Comments on Reserved Funds

The District has funds reserved for future maintenance and upkeep of the District property. This reserve, referred to as Endowment Care, is required under the California Health and Safety Code. The reserve is comprised of endowment care funds collected for each burial service performed. These funds are transferred to a separate fund, maintained by Tulare County. The current nonspendable Endowment Care Funds are \$2,102,397. The funds earn interest each year, which is maintained in an unreserved account and is available for use by the District.

The District also provides miscellaneous general fund reserves for inventory purchases.

The basic financial statements and notes follow this management discussion and analysis.

Requests for Information

This financial report is designed to provide a general overview of the Porterville Public Cemetery District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Porterville Public Cemetery District, 1013 East Olive Avenue, Porterville, California, 93257.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,297,833
Prepaid Expenses	25,418
Inventory	11,726
Columbarium Inventory, Net	23,862
Capital Assets	
Non-Depreciable	302,833
Depreciable, Net	<u>1,112,675</u>
TOTAL ASSETS	<u>5,774,347</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pensions	<u>185,974</u>
LIABILITIES	
Sales Tax Payable	1,765
Payroll Liabilities	33,318
Deposits	637,450
Net Pension Liability	<u>441,092</u>
TOTAL LIABILITIES	<u>1,113,625</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pensions	<u>391,037</u>
NET POSITION	
Investment in Capital Assets	1,415,508
Restricted for Endowment:	
Nonexpendable	2,102,397
Expendable	591,944
Unrestricted:	
Designated Reserves	400,000
Unassigned	<u>(54,190)</u>
NET POSITION	<u>\$ 4,455,659</u>

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

PORTERVILLE PUBLIC CEMETERY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

<u>Functions / Programs:</u>	<u>Operating Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Governmental Activities:					
Cemetery	\$ 1,184,872	\$ 780,789	\$ -	\$ -	\$ (404,083)
Total Governmental Activities	\$ 1,184,872	\$ 780,789	\$ -	\$ -	(404,083)
General Revenues:					
Property Taxes					357,384
Interest and Investment Earnings					39,274
Other Revenues					21,739
Contributions to Permanent Fund					79,659
Total General Revenues and Contributions to Permanent Fund					498,056
Change In Net Position					93,973
NET POSITION, BEGINNING OF YEAR					4,361,686
NET POSITION, END OF YEAR					\$ 4,455,659

The accompanying notes are an integral part of these financial statements.
-10-

**PORTERVILLE PUBLIC CEMETERY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Permanent Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,603,492	\$ 2,694,341	\$ 4,297,833
Prepaid Expenses	25,418	-	25,418
Inventory	11,726	-	11,726
	TOTAL ASSETS	\$ 2,694,341	\$ 4,334,977
LIABILITIES			
Sales Tax Payable	\$ 1,765	\$ -	\$ 1,765
Payroll Liabilities	737	-	737
Deposits	637,450	-	637,450
	TOTAL LIABILITIES	-	639,952
FUND BALANCES			
Nonspendable	37,144	2,102,397	2,139,541
Restricted	-	591,944	591,944
Assigned	400,000	-	400,000
Unassigned	563,540	-	563,540
	TOTAL FUND BALANCES	2,694,341	3,695,025
	TOTAL LIABILITIES AND FUND BALANCES	\$ 2,694,341	\$ 4,334,977

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

**PORTERVILLE PUBLIC CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Total Fund Balances - Total Governmental Funds	\$ 3,695,025
Amounts reported for governmental activities in the statement of net position are different because:	
Certain assets are not financial resources and therefore, are not reported in the Governmental Funds Balance Sheet.	
Columbarium Inventory	23,862
Capital Assets	1,415,508
Deferred outflows of resources related to pension plan are not reported in the governmental funds.	
	185,974
Deferred inflows or resources related to pension plan are not reported in the governmental funds.	
	(391,037)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the Governmental Funds Balance Sheet.	
Compensated Absences	(32,581)
Net Pension Liability	(441,092)
Net Position of Governmental Activities	<u>4,455,659</u>

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

**PORTERVILLE PUBLIC CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Permanent Fund	Total
REVENUE			
Property Taxes	\$ 357,384	\$ -	\$ 357,384
Charges for Services	780,789	79,659	860,448
Use of Money, Interest	15,645	23,629	39,274
Other Revenues	21,739	-	21,739
Total Revenue	1,175,557	103,288	1,278,845
EXPENDITURES			
Current General Governmental:			
Salaries, Employee Benefits and Payroll Taxes	632,909	-	632,909
Clothing and Personal Supplies	2,795	-	2,795
Purchases of Grave Liners and Vaults	79,622	-	79,622
Repurchase of Lots	7,970	-	7,970
Insurance	32,560	-	32,560
Repairs, Maintenance and Grounds	56,547	-	56,547
Office Expenses	2,660	-	2,660
Professional and Legal Costs	41,032	-	41,032
Rent and Leases	3,377	-	3,377
Utilities and Fuel	41,494	-	41,494
Tax Administrative Fees	8,282	-	8,282
Telephone	4,692	-	4,692
Memberships	600	-	600
Miscellaneous	1,054	-	1,054
Capital Outlay	312,591	-	312,591
Total Expenditures	1,228,185	-	1,228,185
Net Change in Fund Balances	(52,628)	103,288	50,660
Fund Balance - Beginning	1,053,097	2,591,268	3,644,365
Reclassification	215	(215)	-
Fund Balance - Ending	\$ 1,000,684	\$ 2,694,341	\$ 3,695,025

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

**PORTERVILLE PUBLIC CEMETERY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Net Change in Fund Balances - Total Governmental Funds **\$ 50,660**

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

Governmental funds report capital overlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital only	312,591
Less current year depreciation	(136,628)

Certain changes in deferred outflows and deferred inflows of resources reported in the statement of activities relate to long-term liabilities and are not reported in the governmental fund.

Change in deferred outflows of resources related to pension	(7,866)
Change in deferred inflows of resources related to pension	(371,261)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in Inventory - Non Current Portion	(4,576)
Change in net pension liability	<u>251,053</u>

Change in Net Position of Governmental Activities **\$ 93,973**

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

PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of Significant Accounting Policies

Organization of the District

The Porterville Public Cemetery District (the "District") was established in 1922, 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. The District operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code. The District operates under a Director - Manager form of government and provides for cemetery services to the general public. The District's Board of Directors is appointed by the Tulare County Board of Supervisors.

The following is a summary of the more significant provisions:

Reporting Entity

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

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

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information on all of the activities of the District. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements report the governmental activities of the District, which are normally supported by taxes and intergovernmental revenues. The District had no business-type activities at June 30, 2022.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements - Fund financial statements of the District are organized into two 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds within the governmental category.

The District reports the following major governmental funds:

General Fund - The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.

Permanent Fund - The 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 endowment funds received for the ongoing support and maintenance of the grounds and facilities.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Property taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the provision of Governmental Accounting Standards Board (GASB) Pronouncement No. 20, the District has elected to follow all GASB pronouncements and Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except for those that conflict with GASB pronouncements.

PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

Formal budgets are established and approved by the District's Board of Trustees for the general fund and is on file with Tulare County. The budget is used as a management control device and is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District establishes a budget for the General Fund only.

The budgetary comparison schedule - budget and actual present comparisons of legally adopted budget with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with accounting principles generally accepted in the United States of America, no additional reconciliation is required.

The District's Board of Trustees can authorize transfers between departments in any fund.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Non-Current Governmental Assets and Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank accounts and deposits with the County of Tulare.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Tulare County Treasury indicates that the amount was less than 1% for the year ended June 30, 2022.

Inventory

Inventory consists of vaults, urn vaults, grave liners and a columbarium (pre-installed niches) held for future use. Inventories are stated at the lower of cost or net realizable value accounted for on the consumption method. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Columbarium Inventory

Columbarium inventory consists of 108 pre-installed niches. The cost of the Columbarium is depleted as niches are sold.

PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

The District's capital assets are recorded at cost. The cost of additions, renewals and betterments of \$1,000 or more are capitalized; repairs and minor acquisitions and replacement are charged to operating expenses as incurred. Interest cost incurred that is related to the construction of property is capitalized.

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

Buildings and Improvements	15-20 Years
Equipment	5-10 Years

Compensated Absences

Employees earn vacation benefits based on the number of years of continuous service to the District ranging from 15 days to 20 days with a maximum accrual allowed up to 160 hours. Accrued compensated absences have been provided for based upon each employee's unused vacation at June 30, 2022, at the employees' current rate of pay totaling \$21,501.

Additionally, employees earn up to twelve days (96 hours) of sick leave each year with a maximum accrual allowed up to 960 hours. Upon retirement, employees qualify for compensation of accumulated sick leave of a maximum of 960 hours or 480 hours depending on the hire date. Accrued sick leave has been provided for based upon each employee's unused sick time at June 30, 2022, at the employees' current rate of pay totaling 11,080.

In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature.

Deposits

The District offers a financial arrangement to pay, in advance of need, the anticipated cost of burial services. These monies are held as deposits until the time of need.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of 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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Summary of Significant Accounting Policies (Continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Balance as of June 30, 2022 was \$1,415,508.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Nonexpendable and Expendable balances as of June 30, 2022 were \$2,102,397 and \$591,944, respectively.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets". Designated Reserves and Unassigned balances as of June 30, 2022 were \$400,000 and (\$54,190), respectively.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balance for governmental funds is made up of the following:

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance - amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a motion, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned fund balance - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

Unassigned fund balance - the residual classification for the District's General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Reserves of Net Position

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

The District has also designated amounts in the general fund for capital improvements and equipment replacement of \$400,000.

Revenue Recognition - Property Taxes

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

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

Estimates

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

Management's Review

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 27, 2023, the date the financial statements were available to be issued.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

2. Cash and Investments

The District's cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

	<u>General Fund</u>	<u>Endowment Care Fund</u>	<u>Total</u>
Deposits:			
Cash on Hand and in Banks	\$ 29,381	\$ 2,019	\$ 31,400
Certificates of Deposits	-	204,430	204,430
Pooled Funds:			
Cash in County Treasury Investment Fund	<u>1,574,111</u>	<u>2,487,892</u>	<u>4,062,003</u>
Total Cash and Investments	<u>\$ 1,603,492</u>	<u>\$ 2,694,341</u>	<u>\$ 4,297,833</u>

The District's cash in the Tulare County Treasury is pooled with other entities and invested in several types of investments. The total of Tulare County Investments as of June 30, 2022 was as follows:

<u>Credit Rating</u>	<u>Book Value</u>	<u>% of Portfolio</u>
AAA	\$ 232,635,139	9%
A-1+/A-1(Short-Term Rating)	491,021,728	18%
AA	1,435,350,211	53%
A	430,341,209	16%
BBB**	11,833,747	<1%
Not Rated ***	66,213,293	2%
Cash****	<u>25,934,722</u>	<u>1%</u>
Total	<u>\$ 2,693,330,049</u>	<u>100%</u>

**Securities rated in the BBB category by S&P are rated A- or equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

***The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

****Fully collateralized in accordance with California government code.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

2. Cash and Investments (Continued)

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes investment in the local government investment pool administered by the County of Tulare, California and time certificates of deposit. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2022, the weighted average maturity of the investments contained in the County of Tulare investment pool is approximately 691 days.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity Date</u>
County Investment Pool	\$ 4,062,003	691 Days

Disclosures Relating to Interest Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Tulare Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the County contains a limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In addition, the investment policy of the County also requires that no investments in any one issuer that represents 10% or more of the total County's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

2. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The County is a voluntary participant in the State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Tulare County Treasury is authorized to invest in the following:

A listing of the securities owned by the Tulare County as of June 30, 2022 is shown below:

	<u>Portfolio Composition</u>		<u>% of Portfolio</u>	<u>% Permitted by Policy</u>
	<u>Book Value</u>	<u>Market Value</u>		
U.S. Treasuries	\$ 654,148,548	\$ 626,126,353	24%	100%
Federal Agencies	715,152,251	683,668,194	27%	75%
Agency Mortgage Backed Securities	13,743,225	13,359,482	1%	
U.S. Instrumentalities-Supranationals	68,914,113	66,731,249	3%	30%
Negotiable Certificates of Deposit	269,378,962	268,511,020	10%	30%
Corporate Bonds and Notes	490,431,517	476,627,766	18%	30%
Municipal Obligations	84,075,100	82,169,756	3%	30%
Asset Backed Securities	31,845,581	30,925,452	1%	20%
Commercial Paper	223,021,729	222,587,102	8%	40%
Local Agency Investment Fund	184,719	184,719	<1%	\$75 Million
CAMP	110,264,780	110,264,780	4%	50%
Money Market Funds	6,234,801	6,234,801	<1%	15%
Money Market Accounts	13,511,099	13,511,099	1%	50%
Cash	12,423,624	12,423,624	<1%	100%
	<u>\$ 2,693,330,049</u>	<u>\$ 2,613,325,397</u>	<u>100%</u>	

All cash is payable to the District upon demand. Porterville Public Cemetery District's portion of the pooled funds at June 30, 2022 was \$4,062,003.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

3. Inventory

The District maintains an inventory of vaults, urn vaults and grave liners for plots used in the current year. In addition, the District has 108 pre-installed niches for which cost is being depleted as niches are sold. At June 30, 2022, 73 of these vaults remained unsold.

As of June 30, 2022, inventory consisted of the following:

Inventory			
Vaults, Urns, and Grave Liners		\$	11,726
Columbarium Inventory			
Pre-Installed Niches, Net			<u>23,862</u>
Total		\$	<u><u>35,588</u></u>

4. Capital Assets

The following is a summary of the changes in capital assets:

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
Non-Depreciable Capital Assets				
Land and Land Improvements	\$ <u>302,833</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>302,833</u>
Depreciable Capital Assets				
Buildings and Improvements	2,318,546	312,591	-	2,631,137
Equipment	<u>540,100</u>	<u>-</u>	<u>-</u>	<u>540,100</u>
Total Depreciable Capital Assets	<u>2,858,646</u>	<u>312,591</u>	<u>-</u>	<u>3,171,237</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,456,723	111,323	-	1,568,046
Equipment	<u>465,211</u>	<u>25,305</u>	<u>-</u>	<u>490,516</u>
Total Accumulated Depreciation	<u>1,921,934</u>	<u>136,628</u>	<u>-</u>	<u>2,058,562</u>
Net Depreciable Capital Assets	<u>936,712</u>	<u>175,963</u>	<u>-</u>	<u>1,112,675</u>
Total Capital Assets, Net	<u>\$ <u>1,239,545</u></u>	<u>\$ <u>175,963</u></u>	<u>\$ <u>-</u></u>	<u>\$ <u>1,415,508</u></u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ <u>136,628</u>
Total Depreciation Expense	\$ <u><u>136,628</u></u>

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

5. Fund Balances

The fund balances for all governmental funds as of June 30, 2022, were distributed as follows:

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Nonspendable			
Prepaid Costs	\$ 25,418	\$ -	\$ 25,418
Inventory	11,726	-	11,726
Endowment - Nonspendable	-	2,102,397	2,102,397
	<u>37,144</u>	<u>2,102,397</u>	<u>2,139,541</u>
Restricted for:			
Endowment - Spendable	-	591,944	591,944
	<u>-</u>	<u>591,944</u>	<u>591,944</u>
Assigned to:			
Designated Reserves	400,000	-	400,000
	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Unassigned	<u>563,540</u>	<u>-</u>	<u>563,540</u>
Total	<u>\$ 1,000,684</u>	<u>\$ 2,694,341</u>	<u>\$ 3,695,025</u>

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

6. Pension Plan

Plan Description

The Miscellaneous 2% at 60 Risk Pool is a cost-sharing multiple-employer defined benefit plan. It provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Pool is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent-multiple-employer plan administered by CalPERS, which acts as common investment and administrative agent for participating public employees within the State of California. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. State statutes within the Public Employees' Retirement System establish menus of benefit provisions, as well as other requirements. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. 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

The basic benefit will be 2% of "final compensation" for each year of credited service upon retirement at age 60. Final compensation is defined as the average monthly pay during the last 36 consecutive months of work or another period of 36 consecutive months selected by the member if the average pay rate was higher.

Contributions

Active plan members in the Miscellaneous Plan of the Porterville Public Cemetery are required to contribute 7.00% of their annual covered salary to CalPERS. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average required employer contribution rate for fiscal year 2021-2022 was 8.65%. 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$441,092 for its proportionate share of net pension liability. 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 0.02323%, which was an increase of 0.00682% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$239,164. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

6. Pension Plan (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 49,464	\$ -
Difference Between Projected and Actual Investment Earnings	-	385,050
Difference Between Employer's Contributions and Proportionate Share of Contributions	6,767	5,535
Change in Employer's Proportion	18,653	452
Pension Contributions Made Subsequent to Measurement Date	<u>111,090</u>	<u>-</u>
Total	<u>\$ 185,974</u>	<u>\$ 391,037</u>

The \$111,090 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period	
Ending June 30,	\$
2023	(58,488)
2024	(67,877)
2025	(83,379)
2026	(106,408)
2027	-
Thereafter	<u>-</u>
Total	<u>\$ (316,152)</u>

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

6. Pension Plan (Continued)

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with updated procedures used to roll forward total pension liability to June 30, 2022. The collective 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:	
Discount Rate	7.15%
Inflation Rate	2.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

* 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 1997-2015) that can be found on CalPERS' website.

Change in Assumption

There were no changes of assumptions during the measurement period ended June 30, 2022. Deferred inflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represents the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, the amortization and smoothing periods recently adopted by the Board were used. The crossover test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

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

**PORTERVILLE PUBLIC CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

6. Pension Plan (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability	\$ <u>790,091</u>	\$ <u>441,092</u>	\$ <u>152,580</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report, available on CalPERS' website under Forms and Publications.

7. Risk Management

The District has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health and life. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**PORTERVILLE PUBLIC CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUE				
Property Taxes	\$ 343,975	\$ 343,975	\$ 357,384	\$ 13,409
Charges for Services	580,000	580,000	780,789	200,789
Interest	19,400	19,400	15,645	(3,755)
Use of Money and Property	34,000	34,000	-	(34,000)
Other	8,000	8,000	21,739	13,739
	<u>985,375</u>	<u>985,375</u>	<u>1,175,557</u>	<u>190,182</u>
Total Revenue				
EXPENDITURES				
Current general government:				
Salaries, Employee Benefits and Payroll Taxes	765,500	765,500	632,909	(132,591)
Clothing and Personal Supplies	2,800	2,800	2,795	(5)
Purchases of Grave Liners and Vaults	77,000	77,000	79,622	2,622
Repurchase of Lots	7,000	7,000	7,970	970
Insurance	34,000	34,000	32,560	(1,440)
Repairs, Maintenance and Grounds	74,000	74,000	56,547	(17,453)
Office Expenses	3,000	3,000	2,660	(340)
Professional and Legal Costs	43,000	43,000	41,032	(1,968)
Public Notices	200	200	-	(200)
Rent and Leases	3,500	3,500	3,377	(123)
Utilities and Fuel	29,000	29,000	41,494	12,494
Tax Administrative Fees	8,300	8,300	8,282	(18)
Telephone	5,100	5,100	4,692	(408)
Memberships	800	800	600	(200)
Miscellaneous	-	-	1,054	1,054
Training	2,000	2,000	-	(2,000)
Transportation and Travel	4,000	4,000	-	(4,000)
Contingencies	40,000	40,000	-	(40,000)
Capital Outlay	400,000	400,000	312,591	(87,409)
	<u>1,499,200</u>	<u>1,499,200</u>	<u>1,228,185</u>	<u>(271,015)</u>
Total Expenditures				
See independent auditor's report				

PORTERVILLE PUBLIC CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Net Change in Fund Balances	\$ (513,825)	\$ (513,825)	\$ (52,628)	\$ 461,197
Fund Balances - Beginning	1,053,097	1,053,097	1,053,097	-
Reclassification	<u>215</u>	<u>215</u>	<u>215</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 539,487</u>	<u>\$ 539,487</u>	<u>\$ 1,000,684</u>	<u>\$ 461,197</u>

See independent auditor's report

PORTERVILLE PUBLIC CEMETERY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022
LAST 10 YEARS*

	Measurement Date				
	2021	2020	2019	2018	2016
District's Proportion of the Net Pension Liability	0.02323%	0.01641%	0.01568%	0.01484%	0.01406%
District's Proportionate Share of the Net Pension Liability	\$ 441,092	\$ 692,145	\$ 627,936	\$ 559,445	\$ 554,334
District's Covered-Employee payroll	\$ 343,530	\$ 321,842	\$ 315,043	\$ 295,875	\$ 285,837
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	128.40%	215.06%	199.32%	189.08%	193.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.49%	77.70%	77.73%	77.69%	75.39%
					75.87%

Notes to Schedule:

Change in Benefit Terms - For the measurement period ended June 30, 2021, 2020, 2019, 2018, 2017 and 2016 there were no changes to the benefit terms.

Changes in Assumptions - GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. As of June 2017 measurement date the financial reporting discount rate for the Plan was lowered from 7.65% to 7.15%.

* Fiscal year 2017 (Measurement date 2016) was the 1st year of implementation, therefore only 6 years are shown.

See independent auditor's report

PORTERVILLE PUBLIC CEMETERY DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 AS OF JUNE 30,
 LAST 10 YEARS*

	Fiscal Year					
	2022	2021	2020	2019	2018	2017
Contractually Required Contributions (Actuarially Determined)	\$ 111,090	\$ 95,890	\$ 79,915	\$ 64,648	\$ 53,633	\$ 51,799
Contributions in Relation to the Contractually Required Contributions	<u>(111,090)</u>	<u>(95,890)</u>	<u>(79,915)</u>	<u>(64,648)</u>	<u>(53,633)</u>	<u>(51,799)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 394,682	\$ 343,530	\$ 321,842	\$ 315,043	\$ 295,875	\$ 285,837
Contribution as a Percentage of Covered-Employee Payroll	28.15%	27.91%	24.83%	20.52%	18.13%	18.12%

* Fiscal year 2017 was the 1st year of implementation, therefore only 6 years are shown.

OTHER INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors of
Porterville Public Cemetery District
Porterville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Porterville Public Cemetery District, California (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Pine, Pedroncelli & Aguiar, Inc

Visalia, California
January 27, 2023