

FAIR OAKS CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

With Independent Auditor's Report Thereon

JUNE 30, 2021

**FAIR OAKS CEMETERY DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Fair Oaks Cemetery District
Fair Oaks, California

We have audited the accompanying financial statements of the governmental activities and each major fund of Fair Oaks Cemetery District (the District) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Board of Trustees
Fair Oaks Cemetery District
Fair Oaks, California

Opinions

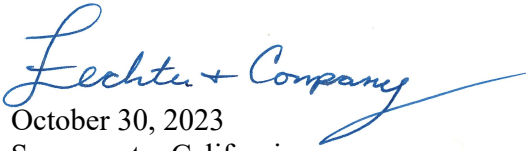
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Fair Oaks Cemetery District, as of June 30, 2021 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Fechter & Company
Certified Public Accountants


October 30, 2023
Sacramento, California

FAIR OAKS CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Cash and investments	\$ 2,433,849
Cash and investments-permanently restricted	1,618,974
Interest receivable	1,489
Due to Due from	-
Inventory	665,197
Capital assets, net of accumulated depreciation	1,124,062
Total Assets	<u>5,843,571</u>
Deferred outflows of resources	152,695

LIABILITIES

Accounts payable and other accrued liabilities	29,494
Accrued payroll and related liabilities	95,400
Current portion long-term debt	20,958
Deferred revenues	755,643
Net pension liability	441,607
Compensated absences	28,519
	<u>1,371,621</u>
Long-term debt	40,114
Total Liabilities	<u>1,411,735</u>
Deferred inflows of resources	109,544

NET POSITION

Permanently restricted	1,618,974
Investment in fixed assets	1,062,990
Restricted	<u>1,793,023</u>
Net position	<u><u>\$ 4,474,987</u></u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Year Ended
June 30, 2021

REVENUES

Property taxes	\$ 262,392
Interest	30,380
Charges for services	815,107
Gain on disposal of Fixed Assets	-
Transfer	-
Other	3,194
	<hr/>
Total revenues	1,111,073
	<hr/>

EXPENDITURES

Salaries and wages	303,607
Employee benefits	132,955
Retirement	(150,499)
Cemetery supplies	125,758
Cemetery and shop equipment maintenance and supplies	45,003
Utilities	18,551
Telephone and internet	3,835
Accounting and legal services	12,225
Assessment collection and other professional services	28,578
Insurance - liability	8,830
Small tools	2,572
Dues and subscriptions	1,265
Staff development	3,672
Fuel and lube	5,257
Advertising	902
Office supplies and expense	4,726
Special event expense	17,290
Depreciation expense	54,861
Equipment	5,950
Loss on disposal of Fixed Assets	-
Interest expense	1,153
	<hr/>
Total expenditures	626,491
	<hr/>
Net Change in Net Position	484,582
Net Position - July 1, 2020	3,990,405
Net Position- June 30, 2021	<hr/> <u>\$ 4,474,987</u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2021

	General Fund	Pre-need Fund	Endowment Fund	Total
ASSETS				
Cash and investments	\$ 488,258	\$ 853,323	\$ 1,092,268	\$ 2,433,849
Cash and investments-permanently restricted	-	-	1,618,974	1,618,974
Accounts Receivable other	1,489	-	-	1,489
Inventory	10,613	-	-	10,613
	<u>500,360</u>	<u>853,323</u>	<u>2,711,242</u>	<u>4,064,925</u>
Total Assets	<u>\$ 500,360</u>	<u>\$ 853,323</u>	<u>\$ 2,711,242</u>	<u>\$ 4,064,925</u>
LIABILITIES				
Accounts payable and other accrued liabilities	29,494	-	-	29,494
Accrued payroll payable	95,400	-	-	95,400
Deferred revenues	-	755,643	-	755,643
	<u>124,894</u>	<u>755,643</u>	<u>-</u>	<u>880,537</u>
Total Liabilities	<u>124,894</u>	<u>755,643</u>	<u>-</u>	<u>880,537</u>
FUND BALANCES				
Nonspendable - restricted	-	-	-	-
Nonspendable - unrestricted	10,613	-	1,618,974	1,629,587
Committed:				
Future cemetery maintenance	364,853	97,680	1,092,268	1,554,801
Future land acquisition and development and equipment replacement	-	-	-	-
	<u>375,466</u>	<u>97,680</u>	<u>2,711,242</u>	<u>3,184,388</u>
Total Fund Balances	<u>375,466</u>	<u>97,680</u>	<u>2,711,242</u>	<u>3,184,388</u>
	<u>\$ 500,360</u>	<u>\$ 853,323</u>	<u>\$ 2,711,242</u>	<u>\$ 4,064,925</u>
Total Liabilities and Fund Balances	<u>\$ 500,360</u>	<u>\$ 853,323</u>	<u>\$ 2,711,242</u>	<u>\$ 4,064,925</u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2021

Fund Balances of Governmental Funds	\$ 3,184,388
Amounts reported for governmental activities in the statement of net position are different for the following reasons:	
Inventory not to be used during the next fiscal year does not require current financial resources and are not included in the governmental funds.	654,584
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	1,124,062
Effect of GASB 68 and 71 on cumulative pension expense.	(398,456)
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(89,591)</u>
Net position of governmental activities	<u><u>\$ 4,474,987</u></u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN GOVERNMENT FUND BALANCES
For the Year Ended
June 30, 2021

	General Fund	Preneed Fund	Endowment Fund	Total
REVENUES				
Property taxes	\$ 262,392	\$ -	\$ -	\$ 262,392
Interest	1,874	(2,382)	30,888	30,380
Charges for services	575,016	36,516	203,575	815,107
Other	43,094	-	-	43,094
Total revenues	882,376	34,134	234,463	1,150,973
EXPENDITURES				
Salaries and wages	275,088	-	-	275,088
Employee benefits	132,955	-	-	132,955
Retirement	40,908	-	-	40,908
Commodities	66,328	-	-	66,328
Shop equipment, maintenance and supplies	45,003	-	-	45,003
Fuel and lube	5,257	-	-	5,257
Telephone	3,835	-	-	3,835
Utilities	18,551	-	-	18,551
Accounting and legal services	12,225	-	-	12,225
Assessment collection services	28,578	-	-	28,578
Insurance - liability	8,830	-	-	8,830
Staff development	3,672	-	-	3,672
Dues and subscriptions	1,265	-	-	1,265
Advertising	902	-	-	902
Office supplies and expense	4,726	-	-	4,726
Special event expense	17,290	-	-	17,290
Small tools	2,572	-	-	2,571
Debt service - principal	16,504	-	-	16,504
Debt service - interest	1,153	-	-	1,153
Capital outlay	89,370	-	-	89,370
Total expenditures	775,012	-	-	775,011
Interfund transfers	69,094	(69,094)	-	-
Net Changes in Fund Balances	176,458	(34,960)	234,463	375,962
Fund Balances - July 1, 2020	199,008	132,640	2,476,779	2,808,426
Fund Balances - June 30, 2021	\$ 375,466	\$ 97,680	\$ 2,711,242	\$ 3,184,388

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN GOVERNMENT FUND BALANCES TO THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Year Ended
June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 375,962
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Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation expense	(54,861)
Capital outlay is recorded as expense in governmental fund statements	89,370
Effect of inventory	(59,430)
Principal payment not reported in government fund	16,504
Effect of GASB 68 and 71 on the pension expense	191,407

Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	(74,370)
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Change in net position of governmental activities	\$ 484,582
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The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Fair Oaks Cemetery District (the District) was organized in 1926, under Health and Safety Code Section 8890. The District operates and maintains eleven acres of cemetery facilities. The District is governed by a five-member Board of Trustees appointed by the County Board of Supervisors.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statements 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. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District uses a governmental fund and two fiduciary funds.

The measurement focus of a Governmental Fund is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District has one governmental fund and two fiduciary funds as follows:

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

General Fund – 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.

Nonexpendable Trust Fund – accounts for deposits to the Endowment Care Trust Fund. A fee is charged for each burial right sold by the District. The principal amounts must remain intact, but earnings of the trust fund may be expended for the endowment care of the burial plots. None of the earnings were expended during the current year.

Expendable Trust Fund – accounts for deposits to the Pre-Need Trust Fund. The fund consists of prepaid charges for vaults and opening and closing fees. The principal amount must remain intact until services are rendered. At that time, funds are transferred to the General Fund and recognized as current period revenue. Earnings may be expended without restriction.

Basis of Accounting

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the standard-setting body for governmental accounting and financial reporting.

The modified accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are taxes, interest revenue, and charges for services. Revenues consist mainly of taxes, which are calculated by Sacramento County. Tax levies are levied on January 1 of each year and are generally due in two installments in April and December of each year. Tax payments are remitted to the District by the county office.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Capital Assets

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated fixed assets are valued at their estimated fair market value on the date received. Depreciation is computed for financial statement purposes using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Buildings and improvements	5 to 20 years
Vehicles, furniture and equipment	5 to 10 years

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The District's employees are granted vacation in varying amounts based on length of service. Generally, earned vacation may be accumulated up to a maximum of 240 hours by all personnel. Amounts in excess of the total allowance are paid to employees at the end of the fiscal year. District employees do not receive compensation for accumulated sick leave upon termination of employment; however, accrued but unused sick leave at the time of termination shall be allowed as service time for purposes of computing retirement benefits. Accordingly, no sick leave has been accrued.

Deferred Compensation Plan (PERS)

The District allows full-time District employees to voluntarily contribute to the California Public Employees Retirement System (PERS) 457 Deferred Compensation Program, in accordance with Internal Revenue Code Section 457. Benefit provisions and all other requirements are established by state statute. Copies of PERS annual financial reports may be obtained from the executive office at 400 P Street, Sacramento, CA 95814.

All full-time District employees are eligible to participate in PERS. Employee participation and deferral amounts are solely the discretion of the employee. Specific fund and percentage investment allocations are directed by plan participants. The District is not required to contribute, and did not contribute to the plan during the year ended June 30, 2020.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Budgets and Budgetary Accounting

The Board of Trustees adopts a final budget no later than August 31 of each year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations. The Board of Trustees may amend the budget by resolution during the fiscal year or make transfers from one object or purpose to another within the same budget unit. The original budget is presented in the financial statements. Appropriations lapse at the end of each fiscal year.

A budget is adopted for the General Fund on a basis which materially conforms to accounting principles generally accepted in the United States of America.

Estimates and Assumptions

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 expenses during the reporting period. Actual results could differ from these estimates.

Fund Balance Classification

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

1. Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (e.g., prepaid expenses) or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

3. Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (e.g. – fund balance designations passed by board resolution).
4. Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

The District maintains the following classifications of fund balance:

Endowment Fund

Nonspendable – restricted: The District has established an endowment fund under the authority of the provisions of Section 9000 of the Health and Safety Code of the State of California. Under the terms of this section, the principal may never be spent. Earnings generated from this principal are allowed to be spent and are accumulated in the Committed-Future Cemetery Maintenance category.

Committed – Future Cemetery Maintenance: As noted above, the District established an endowment fund for the purpose of providing for the future maintenance of the cemetery. This category represents the accumulated earnings of the endowment fund and is available for cemetery maintenance as approved by the Board of Trustees.

General Fund

Uncommitted: This classification is available for the general current operations of the District.

Implementation of New Accounting Principles

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Accounting Standards Board Statement 68

Governmental Accounting Standards Board Statement 68 (GASB 68) was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability or a net pension asset.

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense or pension income.

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements, determined in conformity with either paragraph 48 or paragraph 49 of GASB 68.

Changes to the financial statements commencing in fiscal year ended June 30, 2015:

- Deferred Outflows of Resources (statement of net position, Note 7)
- Deferred Inflows of Resources (statement of net position, Note 7)
- Net Position/Statement of Net Position reflects Deferred Inflows/Deferred Outflows
- Balance Sheet to the Statement of Net Position (Deferred Inflows of Resources, Net Pension Liability)

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Accounting Standards Board Statement 68 (continued)

- The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:
 - GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.
 - GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 2: CASH AND INVESTMENTS

The District holds cash within the Sacramento County Treasurer’s cash and investment pool. Sacramento County maintains a cash and investment pool and allocates to the various funds based upon the average monthly cash balances. Information regarding categorization of investments can be found in the Comprehensive Annual Financial Report of Sacramento County.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District’s investing activities are managed under the direction of the Board of Trustees. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with applicable provisions of the California Government Code and the California Health & Safety Code specific to the investment of the District’s funds.

The District’s Pooled and Non-Pooled Deposits and Investments are:

	<u>General Fund</u>	<u>Preneed</u>	<u>Endowment</u>	<u>Total</u>
Pooled Deposits:				
County of Sacramento Department of Finance				
Unrestricted	\$ 488,062	\$ -	\$ -	\$ 488,062
Restricted for future use	-	411,590	536,802	948,392
Total county of Sacramento pooled funds	<u>488,062</u>	<u>411,590</u>	<u>536,802</u>	<u>1,436,454</u>
Non-Pooled Deposits:				
Restricted for future maintenance	-	441,733	555,466	997,199
Non-pooled cash and cash equivalents:	-	-	1,618,974	1,618,974
Permanently restricted	-	-	-	-
Cash in bank	196	-	-	196
	<u>196</u>	<u>441,733</u>	<u>2,174,440</u>	<u>2,616,369</u>
Total Cash and Investments	<u>\$ 488,258</u>	<u>\$ 853,323</u>	<u>\$ 2,711,242</u>	<u>\$ 4,052,823</u>

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2: CASH AND INVESTMENTS (continued)

Investments are also classified in three categories of credit risk as follows:

Category 1 - Insured or registered, with securities held by the District or its agent in the District's name;

Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name; and

Category 3 - Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the District's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized. The District's investments by category as of June 30, 2021 are as follows:

	Category 1	Category 2	Category3	Not Categorized	Total
Pooled investments	\$ -	\$ -	\$ -	\$ 1,436,454	\$ 1,436,454
Non pooled investments	2,616,369	-	-	-	2,616,369
	<u>\$ 2,616,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,454</u>	<u>\$ 4,052,823</u>

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3: INVENTORY

Inventory consists of urn vaults, pre-placed vaults, vaults for placement and marker pads. Inventory is valued at the lower of cost or market and is comprised of the following at June 30, 2021:

Description	Current	Long-Term	Total
Vaults, urns, liners	\$ 14,568	\$ -	\$ 14,568
Pre-placed vaults	-	650,629	650,629
Total	<u>\$ 14,568</u>	<u>\$ 650,629</u>	<u>\$ 665,197</u>

The current inventory is the District's vaults, urns and liners.

NOTE 4: CAPITAL ASSETS

The District's capital asset balances changed during the year as follows:

	June 30, 2020	Additions	Deletions & Adjustment s	June 30, 2021
Non-depreciating assets				
Land	\$ 356,503	\$ -	\$ -	\$ 356,503
Construction in progress	256,981	-	-	256,981
Total non-depreciating assets	<u>613,484</u>	<u>-</u>	<u>-</u>	<u>613,484</u>
Depreciating assets				
Buildings & improvements	1,103,978	6,095	-	1,110,073
Office Equipment	82,349	-	-	82,349
Vehicles & equipment	403,689	77,325	12,986	468,028
Total cost depreciating assets	<u>1,590,016</u>	<u>83,420</u>	<u>12,986</u>	<u>1,660,450</u>
Less accumulated depreciation	<u>(1,107,997)</u>	<u>(54,861)</u>	<u>(12,986)</u>	<u>(1,149,872)</u>
Net depreciating assets	<u>482,019</u>	<u>28,559</u>	<u>-</u>	<u>510,578</u>
Capital assets, net	<u>\$ 1,095,503</u>	<u>\$ 28,559</u>	<u>\$ -</u>	<u>\$ 1,124,062</u>

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense of \$54,861 was charged to cemetery operations for the year ended June 30, 2021.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5: GENERAL LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current portion
Compensated absences	\$ 29,331	\$ -	\$ 812	\$ 28,519	\$ -
Three year loan to purchase excavator, Matures 2021	37,676	0	(12,004)	49,680	12,487
Grasshopper loan agreement	-	39,900.00	(4,500)	44,400	8,471
Total	<u>\$ 67,007</u>	<u>\$ -</u>	<u>\$ (11,192)</u>	<u>\$ 78,199</u>	<u>\$ 20,958</u>

NOTE 6: EMPLOYEES RETIREMENT PLAN

Plan Description

The Miscellaneous 2% at 60 Risk Pool is a cost-sharing multiple-employer defined benefit plan. It provides disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The District participates in the Sacramento County Employee Retirement System (SCERS), an agent multiple-employer plan, which acts as a common investment and administrative agent for participating public employers within the County of Sacramento. SCERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. SCERS acts as a common investment and administrative agent for participating public entities within the County of Sacramento. Benefit provisions and all other requirements are established by state statute and county ordinance.

State statutes within the Public Employees' Retirement System establish menus of benefit provisions, as well as other requirements. SCERS issues a separate comprehensive annual financial report. Copies of SCERS annual financial report may be obtained from their Executive Office – 980 9th Street, Sacramento, CA 95814.

Funding Policy

Active employees in the Miscellaneous Pool are required to contribute 7.70% of their annual covered salary. The District currently pays the employees' required contribution as part of an employee benefit program. The District is required to contribute the actuarially determined amount to fund the employer portion of benefits for its employees. The actuarial methods and assumptions used are those adopted by the SCERS Board of Retirement. The required contribution rate for the employer portion for fiscal 2021 was 7.7%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by SCERS.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

The District adopted and approved by resolution a new policy as of April 8, 2008. The benefit shall consist of paying 100% of the normal member contributions (EM PC) for all employees hired on or before June 1, 2007. All employees who qualify and were hired after June 1, 2007, shall pay 7.70% of their annual salary as a required contribution.

At June 30, 2021, the District reported a liability of \$441,607 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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 Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$150,499 in its government-wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7%, net of investment expense
- Inflation Rate – 3.25%
- Salary increases – 4.5% to 11.50 varies by Entry Age and Service
- COLA Increases – up to 3.25%
- Post-Retirement Mortality – Combined Healthy Mortality Table projected with scale BB to 2022

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013.

The long-term expected rate of return on pension plan investments (7.0%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
U.S. Large Cap Equity	17.00%	5.61%
U.S. Small Cap Equity	4.00%	6.37%
International Developed Equity	16.00%	6.96%
Emerging Markets Equity	4.00%	9.28%
High Yield Bonds	1.00%	3.65%
Bank Loans	1.00%	2.96%
Growth Oriented Abs. Return	3.00%	4.97%
Private Equity	9.00%	8.70%
Private Credit/Private Debt	4.00%	5.10%
Core/Core Plus Bonds	10.00%	1.06%
Global Bonds	3.00%	0.07%
U.S. Treasury	5.00%	0.16%
Diversifying Abs. Return	7.00%	3.04%
Private Real Estate	7.00%	4.37%
Private Assets	7.00%	7.74%
Commodities	2.00%	3.76%
	100.00%	

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

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

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
District's proportionate share of the net pension plan liability	\$ 711,969	\$ 397,604	\$ 140,769

Detailed information about the pension fund's fiduciary net position is available in the separately issued SCERS comprehensive annual financial report which may be obtained by contacting SCERS.

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63 (defined in footnote No. 1); the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The total is \$152,695.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. \$109,544 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2021.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

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

Year Ending June 30,	Amount
2021	48,949
2022	16,338
2023	(22,136)
Total	\$ 43,151

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: COVID 19 CONSIDERATIONS

In January 2020, the virus SARS -CoC-2 was transmitted to the United States from overseas sources, this virus, responsible for the Coronavirus disease COVID-19 has provided to be extremely virulent with transmission rates as yet unknown. The long-term economic impact in the State of California and County of Sacramento as yet has not been determined and therefore any potential long-term impact on the District is not yet known. During the year, the District experienced a slight increase in internments as a result of the effects of the virus. Other than moving board meetings to the virtual space and purchase of personal protective equipment and taking additional sanitizing measure, the fiscal impact on the District has been minimal as yet.

NOTE 9: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 30, 2023 the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2021 that would have a material impact on the results of operations or its financial position.