

FAIR OAKS CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

With Independent Auditor's Report Thereon

JUNE 30, 2023

**FAIR OAKS CEMETERY DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2023**

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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 the Fair Oaks Cemetery District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fair Oaks Cemetery District 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 the Fair Oaks Cemetery District, as of June 30, 2023, 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.

Basis for Opinions

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fair Oaks 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Fair Oaks 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 the Fair Oaks 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.

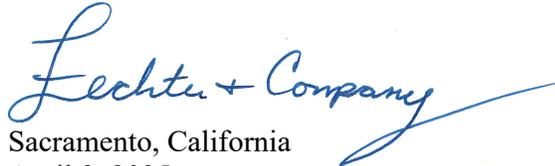
The Board of Trustees
Fair Oaks Cemetery District
Fair Oaks, California

Required Supplementary Information

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

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

Fechter & Company
Certified Public Accountants



The image shows a handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style. The "+" sign is clearly visible between the two words. The signature extends to the right with a long, sweeping underline.

Sacramento, California
April 9, 2025

FAIR OAKS CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

Assets

Cash and investments	\$ 3,283,442
Cash and investments-permanently restricted	1,169,286
Interest receivable	48,823
Inventory	637,690
Capital assets, net of accumulated depreciation	876,500
Total Assets	6,015,741
Deferred outflows of resources	79,248

Liabilities

Accounts payable and other accrued liabilities	26,978
Accrued payroll and related liabilities	5,225
Current portion long-term debt	9,060
Deferred revenues	932,893
Net pension liability (asset)	195,122
Compensated absences	23,457
	1,192,735
Long-term debt	9,108
Total Liabilities	1,201,843
Deferred inflows of resources	120,873

Net Position

Permanently restricted	1,169,286
Investment in fixed assets	858,332
Restricted	2,744,655
Total Net Position	\$ 4,772,273

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, 2023

Revenues	
Property taxes	\$ 324,073
Interest	(194,283)
Charges for services	867,227
Loss on disposal of Fixed Assets	(9,045)
Other	610
	<hr/>
Total revenues	988,582
	<hr/>
Expenditures	
Salaries and wages	378,119
Employee benefits	63,973
Retirement	(21,284)
Cemetery supplies	323,464
Cemetery and shop equipment maintenance and supplies	24,004
Utilities	29,079
Telephone and internet	6,470
Accounting and legal services	1,025
Assessment collection and other professional services	27,186
Insurance - liability	13,007
Small tools	16,531
Dues and subscriptions	1,630
Staff development	7,633
Fuel and lube	8,654
Advertising	-
Office supplies and expense	11,648
Special event expense	32,867
Depreciation expense	79,892
Interest expense	843
	<hr/>
Total expenditures	1,004,741
	<hr/>
Net Change in Net Position	(16,159)
Net Position - July 1, 2022	4,788,432
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Net Position- June 30, 2023	\$ 4,772,273
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The accompanying notes are an integral part of these financial statements

**FAIR OAKS CEMETERY DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2023**

	General Fund	Pre-need Fund	Endowment Fund	Total
Assets				
Cash and investments	\$ 848,098	\$ 1,025,260	\$ 1,410,084	\$ 3,283,442
Cash and investments-permanently restricted	-	-	1,169,286	1,169,286
Accounts Receivable other	48,823	-	-	48,823
Inventory	9,108	-	-	9,108
Total Assets	\$ 906,029	\$ 1,025,260	\$ 2,579,370	\$ 4,510,659
Liabilities				
Accounts payable and other accrued liabilities	\$ 26,663	\$ -	\$ -	\$ 26,663
Accrued payroll payable	5,225	-	-	5,225
Accrued interest payable	315	-	-	315
Deferred revenues	-	932,893	-	932,893
Total Liabilities	32,203	932,893	-	965,096
Fund Balances				
Nonspendable - restricted	-	-	1,169,286	1,169,286
Nonspendable - unrestricted	9,108	-	-	9,108
Committed:				
Future cemetery maintenance	864,718	92,367	1,410,084	2,367,169
Total Fund Balances	873,826	92,367	2,579,370	3,545,563
Total Liabilities and Fund Balances	906,029	1,025,260	2,579,370	4,510,659

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, 2023

Fund Balances of Governmental Funds	\$ 3,545,563
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.	637,690
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	876,500
Effect of GASB 68 and 71 on cumulative pension expense.	(236,747)
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>(50,733)</u>
Net position of governmental activities	<u><u>\$ 4,772,273</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, 2023

	General Fund	Preneed Fund	Endowment Fund	Total
REVENUES				
Property taxes	\$ 324,073	\$ -	\$ -	\$ 324,073
Interest	23,426	18,590	(236,299)	(194,283)
Charges for services	746,459	59,468	61,300	867,227
Other	610	-	-	610
	-	-	-	-
Total revenues	<u>1,094,568</u>	<u>78,058</u>	<u>(174,999)</u>	<u>997,627</u>
EXPENDITURES				
Salaries and wages	354,662	-	-	354,662
Employee benefits	63,973	-	-	63,973
Retirement	42,587	-	-	42,587
Commodities	48,925	-	-	48,925
Shop equipment, maintenance and supplies	24,004	-	-	24,004
Fuel and lube	8,654	-	-	8,654
Telephone	6,470	-	-	6,470
Utilities	29,079	-	-	29,079
Accounting and legal services	1,025	-	-	1,025
Assessment collection services	27,186	-	-	27,186
Insurance - liability	13,007	-	-	13,007
Staff development	7,633	-	-	7,633
Dues and subscriptions	1,630	-	-	1,630
Office supplies and expense	11,648	-	-	11,648
Special event expense	32,867	-	-	32,867
Small tools	16,531	-	-	16,531
Debt service - principal	21,946	-	-	21,946
Debt service - interest	843	-	-	843
Capital outlay	127,251	-	-	127,251
	-	-	-	-
Total expenditures	839,921	-	-	839,921
Interfund transfers	(59,468)	59,468	-	-
Net Changes in Fund Balances	314,115	18,590	(174,999)	157,706
Fund Balances - July 1, 2022	<u>559,711</u>	<u>73,777</u>	<u>2,754,369</u>	<u>3,387,857</u>
Fund Balances - June 30, 2023	<u>\$ 873,826</u>	<u>\$ 92,367</u>	<u>\$ 2,579,370</u>	<u>\$ 3,545,563</u>

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 157,706

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	(79,892)
Capital outlay is recorded as expense in governmental fund statements	127,251
Effect of inventory	(155,842)
Principal payment not reported in government fund	21,946
Effect of GASB 68 and 71 on the pension expense	(63,871)

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.	(23,457)
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Change in net position of governmental activities	\$ (16,159)
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FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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 Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, 2023

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, 2023

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 is 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, 2023.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 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 Government Accounting Standards Board (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, 2023

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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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 Annual Comprehensive Financial Report of Sacramento County.

Credit risk is the risk that an issuer or other counterpart 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	\$ 820,310	\$ -	\$ -	\$ 820,310
Restricted for future use	-	614,318	542,337	1,156,655
Total County of Sacramento pooled funds	<u>820,310</u>	<u>614,318</u>	<u>542,337</u>	<u>1,976,965</u>
Non-Pooled Deposits				
Restricted for future maintenance	-	-	867,747	867,747
Non-pooled cash and cash equivalents				
Permanently restricted	-	-	1,169,286	1,169,286
Restricted for future use	-	410,942	-	410,942
Cash in Banks	27,565	-	-	27,565
Petty Cash	223	-	-	223
Total non-pooled deposits	<u>27,788</u>	<u>410,942</u>	<u>2,037,033</u>	<u>2,475,763</u>
Total Cash and Investments	<u>\$ 848,098</u>	<u>\$ 1,025,260</u>	<u>\$ 2,579,370</u>	<u>\$ 4,452,728</u>

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 counterparty’s trust department or agent in the District’s name; and

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

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2: CASH AND INVESTMENTS

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, 2023 are as follows:

	Category 1	Category 2	Category 3	Not Categorized	Total
Pooled	\$ -	\$ -	\$ -	\$ 1,976,965	\$ 1,976,965
Non Pooled	2,475,763	-	-	-	2,475,763
Total cash and investments	\$ 2,475,763	\$ -	\$ -	\$ 1,976,965	\$ 4,452,728

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, 2023:

Description	Current	Long-Term	Total
Vaults, urns, liners	\$ 9,108	\$ -	\$ 9,108
Pre-placed vaults	-	628,582	628,582
Total	\$ 9,108	\$ 628,582	\$ 637,690

The current inventory represents the District's on hand vaults and urns.

NOTE 4: CAPITAL ASSETS

The District's capital asset balances changed during the year ended June 30, 2023 as follows:

	2022	Additions	Deletions & Adjustments	2023
Non-depreciating assets				
Land	\$ 356,503	\$ -	\$ -	\$ 356,503
Construction in progress	256,981	-	(256,981)	-
Total non-depreciating assets	613,484	-	(256,981)	356,503
Depreciating assets				
Buildings & improvements	1,137,585	69,478	6,095	1,200,968
Office Equipment	468,028	57,773	107,928	417,873
Vehicles & equipment	85,365	-	40,733	44,632
Total cost depreciating assets	1,690,978	127,251	154,756	1,663,473
Less accumulated depreciation	(1,209,295)	(79,892)	(145,711)	(1,143,476)
Net depreciating assets	481,683	47,359	9,045	519,997
Capital assets, net	\$ 1,095,167	\$ 47,359	\$ (247,936)	\$ 876,500

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 4: CAPITAL ASSETS – (continued)

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 \$79,892 was charged to cemetery operations for the year ended June 30, 2023.

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, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Current portion
Compensated absences	\$ 34,032	\$ -	\$ 10,575	\$ 23,457	\$ -
Three year loan to purchase excavator, Matures 2021	13,185	-	(13,185)	-	-
Grasshopper loan greement	26,929	-	(8,761)	18,168	9,060
Total	<u>\$ 47,217</u>	<u>\$ -</u>	<u>\$ (2,611)</u>	<u>\$ 23,457</u>	<u>\$ 9,060</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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: EMPLOYEES RETIREMENT PLAN – (continued)

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 2018 was 7.70%. 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.

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, 2023, the District reported a liability of \$195,122 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, 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 Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2023, the District recognized pension benefit of (\$21,284) 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, 2022 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

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
District’s proportionate share of the net pension plan liability	\$453,948	\$195,122	\$29,541

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 \$79,248

The District also recognized deferred 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. \$120,873 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, 2023.

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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – (continued)

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
2023	\$ -
2024	(46,912)
2025	(32,124)
2026	(40,760)
2027	35,584
Total	\$(84,212)

NOTE 8: SUBSEQUENT EVENTS

The District has evaluated subsequent events through April 9, 2025 the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2023 that would have a material impact on the results of operations or its financial position.

Required Supplemental Information

FAIR OAKS CEMETERY DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended
June 30, 2023

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Adjusted		(Negative)
Revenues				
Property taxes	\$ 273,991	\$ 206,389	\$ 324,073	\$ 117,684
Interest	4,359	1,500	23,426	21,926
Charges for services	561,529	654,061	746,459	92,398
Other	5,212	600	610	10
Total revenues	<u>845,091</u>	<u>862,550</u>	<u>1,094,568</u>	<u>232,018</u>
Expenditures				
Salaries and wages	317,633	430,500	354,662	75,838
Employee benefits	66,967	66,750	63,973	2,777
Retirement	46,459	58,000	42,587	15,413
Commodities	26,580	32,000	48,925	(16,925)
Shop equipment, maintenance and supplies	21,089	25,900	24,004	1,896
Fuel and lube	7,979	10,000	8,654	1,346
Telephone	4,158	4,400	6,470	(2,070)
Utilities	22,182	26,000	29,079	(3,079)
Accounting and legal services	9,550	13,000	1,025	11,975
Assessment collection services	12,619	8,000	13,007	(5,007)
Other professional services	12,127	18,000	14,179	3,821
Insurance - liability	2,761	10,000	13,007	(3,007)
Staff development	727	14,000	7,633	6,367
Dues and subscriptions	1,368	1,400	1,630	(230)
Office supplies and expense	4,671	7,500	11,648	(4,148)
Other Operating Supplies	18,774	25,000	-	25,000
Uniforms	624	1,000	-	1,000
Special event expense	14,812	18,800	32,867	(14,067)
Small tools	1,373	4,000	16,531	(12,531)
Debt service - principal	13,519	16,000	21,946	(5,946)
Debt service - interest	-	-	843	(843)
Capital outlay	35,639	72,300	127,251	(54,951)
Transfer to preneed	-	-	(59,468)	59,468
Total expenditures	<u>641,611</u>	<u>862,550</u>	<u>780,453</u>	<u>82,097</u>
Net Changes in Fund Balances	<u>\$ 203,480</u>	<u>\$ -</u>	<u>314,115</u>	<u>\$ 149,921</u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
June 30, 2023

Fair Oaks Cemetery District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*:

Year Ended June 30:	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	District’s proportionate share of the net pension liability as a percentage of its covered- employee payroll	Plan Fiduciary net position as a percentage of the total pension liability
2014	0.021%	\$ 296,519	\$ 194,000	152.84%	83.94%
2015	0.018%	\$ 138,601	\$ 199,000	69.65%	93.16%
2016	0.020%	\$ 232,397	\$ 206,000	112.81%	89.46%
2017	0.021%	\$ 364,638	\$ 211,000	172.81%	83.21%
2018	0.028%	\$ 595,971	\$ 261,000	228.34%	82.52%
2019	0.025%	\$ 486,702	\$ 226,000	215.35%	84.67%
2020	0.019%	\$ 397,604	\$ 185,000	214.92%	85.10%
2021	0.018%	\$ 478,523	\$ 180,000	265.85%	80.55%
2022	0.006%	\$ 25,456	\$ 181,000	14.06%	98.92%
2023	0.013%	\$ 220,578	\$ 160,000	134.86%	87.12%