

FAIR OAKS CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

With Independent Auditor's Report Thereon

JUNE 30, 2024

**FAIR OAKS CEMETERY DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2024**

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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, 2024, and the related notes to the financial statements, which collectively comprise the Fair Oaks Cemetery 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 the Fair Oaks Cemetery District, as of June 30, 2024, 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

A handwritten signature in blue ink that reads "Fechter + Company". The signature is stylized with a large, flowing "F" and a long horizontal line extending to the right.

Sacramento, California
April 9, 2025

FAIR OAKS CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Assets

Cash and investments	\$ 3,480,464
Cash and investments-permanently restricted	1,186,690
Interest receivable / Deposits	172,773
Inventory	662,302
Capital assets, net of accumulated depreciation	807,133
Total Assets	<u>6,309,362</u>

Deferred outflows of resources	80,910
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Liabilities

Accounts payable and other accrued liabilities	55,561
Accrued payroll and related liabilities	2,994
Current portion long-term debt	9,107
Deferred revenues	979,737
Net pension liability (asset)	271,091
Compensated absences	19,453
	<u>1,337,943</u>

Long-term debt	-
Total Liabilities	<u>1,337,943</u>
Deferred inflows of resources	69,314

Net Position

Permanently restricted	1,186,690
Investment in fixed assets	798,026
Restricted	<u>2,998,299</u>
Total Net Position	<u><u>\$ 4,983,015</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, 2024

Revenues

Property taxes	\$ 294,278
Interest	152,294
Charges for services	530,893
Other	1,300
Total revenues	<u>978,765</u>

Expenditures

Salaries and wages	358,160
Employee benefits	73,127
Retirement	65,182
Cemetery supplies	41,162
Cemetery and shop equipment maintenance and supplies	25,615
Utilities	23,519
Telephone and internet	5,713
Accounting and legal services	4,924
Assessment collection and other professional services	26,537
Insurance - liability	16,410
Small tools	8,286
Dues and subscriptions	1,708
Staff development	7,336
Fuel and lube	7,035
Office supplies and expense	8,828
Special event expense	27,953
Depreciation expense	65,898
Interest expense	630
Total expenditures	<u>768,023</u>
Net Change in Net Position	210,742
Net Position - July 1, 2023	4,772,273
Net Position- June 30, 2024	<u><u>\$ 4,983,015</u></u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2024

	General Fund	Pre-need Fund	Endowment Fund	Total
ASSETS				
Cash and investments	\$ 823,413	\$ 1,104,595	\$ 1,552,456	\$ 3,480,464
Cash and investments-permanently restricted	-	-	1,186,690	1,186,690
Accounts Receivable other	172,773	-	-	172,773
Inventory	13,049	-	-	13,049
	<u>1,009,235</u>	<u>1,104,595</u>	<u>2,739,146</u>	<u>4,852,976</u>
Total Assets	<u>\$ 1,009,235</u>	<u>\$ 1,104,595</u>	<u>\$ 2,739,146</u>	<u>\$ 4,852,976</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 54,806	\$ -	\$ -	\$ 54,806
Accrued payroll payable	2,995	-	-	2,995
Accrued interest payable	755	-	-	755
Deferred revenues	-	979,737	-	979,737
	<u>58,556</u>	<u>979,737</u>	<u>-</u>	<u>1,038,293</u>
Total Liabilities	<u>58,556</u>	<u>979,737</u>	<u>-</u>	<u>1,038,293</u>
FUND BALANCES				
Nonspendable - restricted	-	-	1,186,690	1,186,690
Nonspendable - unrestricted	13,049	-	-	13,049
Committed:				
Future cemetery maintenance	937,630	124,858	1,552,456	2,614,944
	<u>950,679</u>	<u>124,858</u>	<u>2,739,146</u>	<u>3,814,683</u>
Total Fund Balances	<u>950,679</u>	<u>124,858</u>	<u>2,739,146</u>	<u>3,814,683</u>
Total Liabilities and Fund Balances	<u>\$ 1,009,235</u>	<u>\$ 1,104,595</u>	<u>\$ 2,739,146</u>	<u>\$ 4,852,976</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, 2024

Fund Balances of Governmental Funds	\$ 3,814,683
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.	662,302
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	807,133
Effect of GASB 68 and 71 on cumulative pension expense.	(259,495)
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>(41,608)</u>
Net position of governmental activities	<u><u>\$ 4,983,015</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, 2024

	General Fund	Preneed Fund	Endowment Fund	Total
REVENUES				
Property taxes	\$ 294,278	\$ -	\$ -	\$ 294,278
Interest	15,945	32,491	103,858.00	152,294
Charges for services	437,206	27,195	55,918.00	520,319
Other	1,300	-	-	1,300
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	748,729	59,686	159,776	968,191
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Salaries and wages	362,165	-	-	362,165
Employee benefits	73,127	-	-	73,127
Retirement	42,434	-	-	42,434
Commodities	47,790	-	-	47,790
Shop equipment, maintenance and supplies	25,614	-	-	25,614
Fuel and lube	7,035	-	-	7,035
Telephone	5,713	-	-	5,713
Utilities	23,519	-	-	23,519
Accounting and legal services	4,925	-	-	4,925
Assessment collection services	26,537	-	-	26,537
Insurance - liability	16,410	-	-	16,410
Staff development	7,336	-	-	7,336
Dues and subscriptions	1,708	-	-	1,708
Office supplies and expense	8,828	-	-	8,828
Special event expense	27,953	-	-	27,953
Small tools	8,286	-	-	8,286
Debt service - principal	9,061	-	-	9,061
Debt service - interest	630	-	-	630
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	699,071	-	-	699,071
	<hr/>	<hr/>	<hr/>	<hr/>
Interfund transfers	27,195	(27,195)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Changes in Fund Balances	76,853	32,491	159,776	269,120
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - July 1, 2023	873,826	92,367	2,579,370	3,545,563
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - June 30, 2024	<u>\$ 950,679</u>	<u>\$ 124,858</u>	<u>\$ 2,739,146</u>	<u>\$ 3,814,683</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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 269,120
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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	(65,898)
Effect of inventory	(6,628)
Principal payment not reported in government fund	9,061
Effect of GASB 68 and 71 on the pension expense	(22,748)

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.	<u>27,834</u>
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Change in net position of governmental activities	<u><u>\$ 210,741</u></u>
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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, 2024

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, Statements of Net Position Revenues, Expenditures and Changes in Net Position, 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 Revenues, Expenditures and Changes in Net Position 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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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:

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, 2024

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, 2024.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024

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.

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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: CASH AND INVESTMENTS – (continued)

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:

	General Fund	Preneed	Endowment	Total
Pooled Deposits:				
County of Sacramento Department of Finance				
Unrestricted	\$ 812,229	\$ -	\$ -	\$ 812,229
Restricted for future use	-	674,970	618,539	1,293,509
Total County of Sacramento pooled funds	812,229	674,970	618,539	2,105,738
Non-Pooled Deposits				
Restricted for future maintenance	-	-	-	-
Non-pooled cash and cash equivalents				
Permanently restricted	-	-	1,186,690	1,186,690
Restricted for future use	-	429,625	933,917	1,363,542
Cash in Banks	10,960	-	-	10,960
Petty Cash	224	-	-	224
Total non-pooled deposits	11,184	429,625	2,120,607	2,561,416
Total Cash and Investments	\$ 823,413	\$ 1,104,595	\$ 2,739,146	\$ 4,667,154

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, 2024 are as follows:

	Category 1	Category 2	Category 3	Not Catagorized	Total
Pooled	\$ -	\$ -	\$ -	\$ 2,105,738	\$ 2,105,738
Non Pooled	2,561,416	-	-	-	2,561,416
Total cash and investments	\$ 2,561,416	\$ -	\$ -	\$ 2,105,738	\$ 4,667,154

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024:

Description	Current	Long-Term	Total
Vaults, urns, liners	\$13,049	\$ -	\$ 13,049
Pre-placed vaults	-	649,253	649,253
Total	<u>\$13,049</u>	<u>\$649,253</u>	<u>\$662,302</u>

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

NOTE 4: CAPITAL ASSETS

The District's capital asset balances changed during the year ended June 30, 2024 as follows:

	2023	Additions	Deletions & Adjustments	2024
Non-depreciating assets				
Land	\$ 356,503	\$ -	\$ -	\$ 356,503
Construction in progress	-	-	-	-
Total non-depreciating assets	<u>356,503</u>	<u>-</u>	<u>-</u>	<u>356,503</u>
Depreciating assets				
Buildings & improvements	1,200,968	-	-	1,200,968
Office Equipment	417,873	-	-	417,873
Vehicles & equipment	44,632	-	(3,469)	41,163
Total cost depreciating assets	<u>1,663,473</u>	<u>-</u>	<u>(3,469)</u>	<u>1,660,004</u>
Less accumulated depreciation	<u>(1,143,476)</u>	<u>(65,898)</u>	<u>-</u>	<u>(1,209,374)</u>
Net depreciating assets	<u>519,997</u>	<u>(65,898)</u>	<u>(3,469)</u>	<u>450,630</u>
Capital assets, net	<u>\$ 876,500</u>	<u>\$ (65,898)</u>	<u>\$ (3,469)</u>	<u>\$ 807,133</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 \$65,898 was charged to cemetery operations for the year ended June 30, 2024.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current portion
Compensated absences	\$ 23,457	\$ -	\$ 4,004	\$ 19,453	\$ 19,453
Grasshopper loan greement	18,168	-	9,061	9,107	9,107
Total	<u>\$ 23,457</u>	<u>\$ -</u>	<u>\$ 4,004</u>	<u>\$ 19,453</u>	<u>\$ 28,560</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 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.

FAIR OAKS CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024, the District reported a liability of \$271,091 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, 2023 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, 2024, the District recognized pension expense of \$65,182 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, 2023 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2019.

The long-term expected rate of return on pension plan investments (6.75%) 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, 2024

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, 2024

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	\$ 533,288	\$271,091	\$ 55,790

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 \$80,910.

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. \$69,314 was reported as deferred inflows 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, 2024.

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, 2024

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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ -
2025	(19,065)
2026	(28,681)
2027	48,569
2028	10,773
Total	<u>\$ 11,596</u>

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, 2024 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, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
REVENUES	<u>Original</u>	<u>Adjusted</u>	<u>Actual</u>	
Property taxes	\$ -	\$ -	\$ 294,278	\$ 294,278
Interest	4,000	4,000	152,294	148,294
Charges for services	-	-	172,773	172,773
Other	300	300	1,300	1,000
Total revenues	<u>4,300</u>	<u>4,300</u>	<u>620,645</u>	<u>616,345</u>
EXPENDITURES				
Salaries and wages	431,000	431,000	362,165	68,835
Employee benefits	76,000	76,000	73,127	2,873
Retirement	60,000	60,000	42,434	17,566
Commodities	76,800	76,800	47,790	29,010
Shop equipment, maintenance and supplies	31,700	31,700	25,614	6,086
Fuel and lube	10,000	10,000	7,035	2,965
Telephone	6,300	6,300	5,713	587
Utilities	33,800	33,800	23,519	10,281
Accounting and legal services	13,000	13,000	4,925	8,075
Assessment collection services	30,000	30,000	26,537	3,463
Insurance - liability	14,000	14,000	16,410	(2,410)
Staff development	16,000	16,000	7,336	8,664
Dues and subscriptions	1,700	1,700	1,708	(8)
Office supplies and expense	7,600	7,600	8,828	(1,228)
Special event expense	-	-	27,953	(27,953)
Small tools	4,300	4,300	125,414	(121,114)
Debt service - principal	16,000	16,000	9,061	6,939
Debt service - interest	930,379	930,379	630	929,749
Capital outlay	<u>249,843</u>	<u>249,843</u>	<u>-</u>	<u>249,843</u>
Total expenditures	<u>2,008,422</u>	<u>2,008,422</u>	<u>816,199</u>	<u>1,192,223</u>
Net Changes in Fund Balances	<u>\$ (2,004,122)</u>	<u>\$ (2,004,122)</u>	<u>\$ (195,554)</u>	<u>\$ (575,878)</u>

The accompanying notes are an integral part of these financial statements

FAIR OAKS CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2018

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%
2024	0.014%	\$ 271,091	\$ 181,000	149.77%	87.97%