

**TEMECULA PUBLIC CEMETERY DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2022
(With Comparative Information as of June 30, 2021)**

NIGRO & NIGRO^{PC}

TEMECULA PUBLIC CEMETERY DISTRICT
For the Fiscal Year Ended June 30, 2022
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Temecula Public Cemetery District
Temecula, California

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 opinion.

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 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 opinion. 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 and *Government 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 and *Government 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 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 17, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
November 17, 2022

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

Management's Discussion and Analysis (MD&A) offers readers of Temecula Public Cemetery District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$471,797 or 4.34% as a result of this year's operations.
- Total revenues from all sources decreased by 11.67%, or \$142,904 from \$1,224,494 to \$1,081,590, from the prior year, primarily due to an increase in unrealized losses on the District's investment portfolio. All other revenue types, other than endowment care fees, increased from the prior year.
- Total expenses for the District's operations increased by 8.93% or \$50,011 from \$559,782 to \$609,793, from the prior year, primarily due to increases in salaries and materials and services expense.
- The District made capital expenditures during the year in the amount of \$700,785. Depreciation expense was \$50,240.

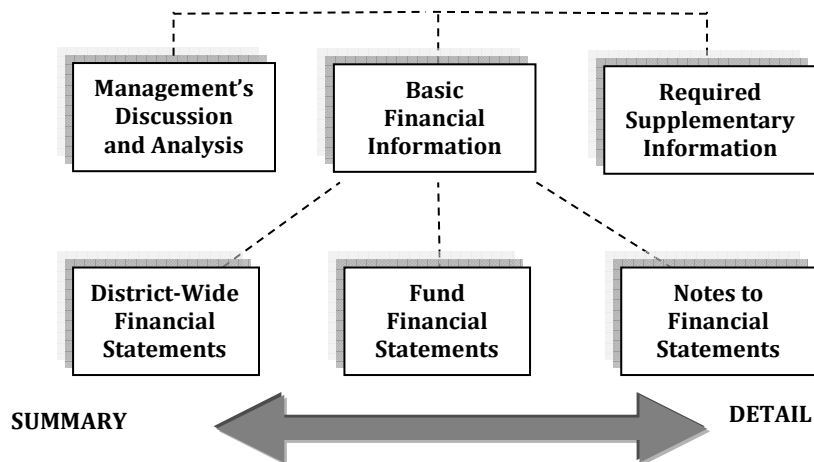
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

Figure A-1. Organization of Temecula Public Cemetery District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as cemetery program services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as operations, maintenance, and administration. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 4,029,619	\$ 4,158,619	\$ (129,000)
Restricted assets	3,370,326	3,418,724	(48,398)
Capital assets, net	<u>3,959,902</u>	<u>3,309,357</u>	<u>650,545</u>
Total assets	<u>11,359,847</u>	<u>10,886,700</u>	<u>473,147</u>
Liabilities:			
Current liabilities	<u>28,958</u>	<u>27,608</u>	<u>1,350</u>
Total liabilities	<u>28,958</u>	<u>27,608</u>	<u>1,350</u>
Net position:			
Investment in capital assets	3,959,902	3,309,357	650,545
Restricted	3,377,073	3,414,670	(37,597)
Unrestricted	<u>3,993,914</u>	<u>4,135,065</u>	<u>(141,151)</u>
Total net position	<u>\$ 11,330,889</u>	<u>\$ 10,859,092</u>	<u>\$ 471,797</u>

At the end of fiscal year 2022, the District shows a positive balance in its unrestricted net position of \$3,993,914. The increase of the investment in capital assets represents the amount of capital asset additions over depreciation expense. The restricted assets decreased because of the decrease in investment earnings. Unrestricted net position decreased because the District's revenues exceeded its expenses by less than the increase in investment in capital assets, for the fiscal year 2022.

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Program revenues	\$ 421,830	\$ 388,406	\$ 33,424
Expenses	<u>(609,793)</u>	<u>(559,782)</u>	<u>(50,011)</u>
Net program expense	(187,963)	(171,376)	(16,587)
General revenues	<u>659,760</u>	<u>836,088</u>	<u>(176,328)</u>
Change in net position	471,797	664,712	(192,915)
Net position:			
Beginning of year, as restated	10,859,092	10,152,380	706,712
Prior period adjustment	<u>-</u>	<u>42,000</u>	<u>(42,000)</u>
End of year	<u>\$ 11,330,889</u>	<u>\$ 10,859,092</u>	<u>\$ 471,797</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased its net position by \$471,797.

Table A-3: Total Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 324,630	\$ 249,806	\$ 74,824
Endowment care fees	97,200	138,600	(41,400)
Total program revenues	<u>421,830</u>	<u>388,406</u>	<u>33,424</u>
General revenues:			
Property taxes	754,586	713,575	41,011
Redevelopment taxes	97,865	91,815	6,050
Investment earnings	(193,105)	25,468	(218,573)
Other income	<u>414</u>	<u>5,230</u>	<u>(4,816)</u>
Total general revenues	<u>659,760</u>	<u>836,088</u>	<u>(176,328)</u>
Total revenues	<u>\$ 1,081,590</u>	<u>\$ 1,224,494</u>	<u>\$ (142,904)</u>

Total revenues from all sources decreased by 11.67%, or \$142,904 from \$1,224,494 to \$1,081,590, from the prior year, primarily due to a decrease in investment earnings. All other revenue types, other than endowment care fees, increased from the prior year.

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 282,974	\$ 268,986	\$ 13,988
Employee benefits	77,136	80,458	(3,322)
Materials and services	199,443	161,396	38,047
Depreciation expense	<u>50,240</u>	<u>48,942</u>	<u>1,298</u>
Total expenses	<u>\$ 609,793</u>	<u>\$ 559,782</u>	<u>\$ 50,011</u>

Total expenses for the District's operations increased by 8.93% or \$50,011 from \$559,782 to \$609,793, from the prior year, primarily due to an increase in salaries, and materials and services expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$7,378,124, which is below last year's ending fund balance of \$7,561,186. The primary cause of the decreased fund balance is due primarily to the \$700,785 in capital outlay expenditures during the fiscal year.

General Fund Budgetary Highlights

The final budgeted expenditures for the District at year-end were \$118,874 more than actual. The variance is due to a reduction in salaries and benefit expenditures, as well as in materials and services expenditures as compared to budget. Actual revenues were \$138,830 more than budgeted primarily due to an increase in charges for services.

TEMECULA PUBLIC CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During 2021-22, the District made \$700,785 in capital expenditures. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$50,240.

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>Balance</u> <u>June 30, 2022</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets:		
Non-depreciable assets	\$ 3,545,206	\$ 2,844,421
Depreciable assets	1,060,715	1,060,715
Accumulated depreciation	<u>(646,019)</u>	<u>(595,779)</u>
Total capital assets, net	<u><u>\$ 3,959,902</u></u>	<u><u>\$ 3,309,357</u></u>

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District Manager at the Temecula Public Cemetery District at 41911 C Street, Temecula, California 92592 or (951) 699-1630.

TEMECULA PUBLIC CEMETERY DISTRICT*Statement of Net Position**June 30, 2022 (With Comparative Information as of June 30, 2021)*

<u>ASSETS</u>	<u>2022</u>	<u>Restated 2021</u>
Current assets:		
Cash and investments (note 2)	\$ 3,809,233	\$ 3,928,858
Accrued interest receivable	317	250
Property taxes receivable	29,855	30,677
Inventory	182,608	194,527
Prepaid items	7,606	4,307
Total current assets	<u>4,029,619</u>	<u>4,158,619</u>
Non-current assets:		
Restricted:		
Cash and investments (note 2 and 3)	3,351,017	3,411,733
Accrued interest receivable (note 3)	19,309	6,991
Capital assets - not being depreciated (note 4)	3,545,206	2,844,421
Capital assets, net - being depreciated (note 4)	414,696	464,936
Total non-current assets	<u>7,330,228</u>	<u>6,728,081</u>
Total assets	<u>11,359,847</u>	<u>10,886,700</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	21,821	16,157
Compensated absences (note 5)	7,137	11,451
Total current liabilities	<u>28,958</u>	<u>27,608</u>
Total liabilities	<u>28,958</u>	<u>27,608</u>
<u>NET POSITION</u>		
Investment in capital assets	3,959,902	3,309,357
Restricted: (note 3)		
Nonexpendable - endowment principal	2,693,512	2,589,565
Expendable - endowment care - maintenance and operations	683,561	825,105
Unrestricted	3,993,914	4,135,065
Total net position	<u>\$ 11,330,889</u>	<u>\$ 10,859,092</u>

TEMECULA PUBLIC CEMETERY DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2022**(With Comparative Information for the Year Ended June 30, 2021)*

	Governmental Activities	
	2022	Restated 2021
Expenses:		
Cemetery operations:		
Salaries and wages	\$ 282,974	\$ 268,986
Employee benefits	77,136	80,458
Materials and services	199,443	161,396
Depreciation expense	50,240	48,942
Total expenses	609,793	559,782
Program revenues:		
Charges for services:		
Interment space sales, interment services and other sales	324,630	249,806
Endowment care fees	97,200	138,600
Total program revenues	421,830	388,406
Net program expense	(187,963)	(171,376)
General revenues:		
Property taxes	754,586	713,575
Redevelopment taxes	97,865	91,815
Investment earnings	(193,105)	25,468
Other income	414	5,230
Total general revenues	659,760	836,088
Change in net position	471,797	664,712
Net position:		
Beginning of year, as restated (note 10)	10,859,092	10,152,380
Prior period adjustments, as restated	-	42,000
End of year	\$ 11,330,889	\$ 10,859,092

TEMECULA PUBLIC CEMETERY DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

ASSETS	General Fund	Capital Fund	Permanent Fund Endowment Care	Total Governmental Funds
Assets:				
Cash and investments	\$ 1,508,820	\$ 2,300,413	\$ -	\$ 3,809,233
Accrued interest receivable	111	206	-	317
Restricted:				
Cash and investments	-	-	3,351,017	3,351,017
Accrued interest receivable	-	-	19,309	19,309
Property taxes receivable	29,855	-	-	29,855
Due from other funds (note 3)	105,874	-	6,747	112,621
Inventory	182,608	-	-	182,608
Prepaid items	7,606	-	-	7,606
Total assets	\$ 1,834,874	\$ 2,300,619	\$ 3,377,073	\$ 7,512,566
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 21,821	\$ -	\$ -	\$ 21,821
Due to other funds (note 3)	6,747	105,874	-	112,621
Total liabilities	28,568	105,874	-	134,442
Fund balance: (note 7)				
Nonspendable	190,214	-	-	190,214
Restricted	-	-	3,377,073	3,377,073
Committed	-	2,194,745	-	2,194,745
Assigned	7,137	-	-	7,137
Unassigned	1,608,955	-	-	1,608,955
Total fund balance	1,806,306	2,194,745	3,377,073	7,378,124
Total liabilities and fund balance	\$ 1,834,874	\$ 2,300,619	\$ 3,377,073	\$ 7,512,566

TEMECULA PUBLIC CEMETERY DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022*

Fund Balance of Governmental Funds	<u>\$ 7,378,124</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	3,959,902
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(7,137)
Total adjustments	<u>3,952,765</u>
Net Position of Governmental Activities	<u><u>\$ 11,330,889</u></u>

TEMECULA PUBLIC CEMETERY DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022*

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund Endowment Care</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 754,586	\$ -	\$ -	\$ 754,586
Redevelopment taxes	97,865	-	-	97,865
Charges for services	324,630	-	-	324,630
Endowment care fees	-	-	97,200	97,200
Investment earnings	(23,665)	(34,818)	(134,622)	(193,105)
Other income	414	-	-	414
Total revenues	<u>1,153,830</u>	<u>(34,818)</u>	<u>(37,422)</u>	<u>1,081,590</u>
Expenditures:				
Current operations:				
Salaries and wages	287,288	-	-	287,288
Employee benefits	77,136	-	-	77,136
Materials and services	199,268	-	175	199,443
Capital outlay	-	700,785	-	700,785
Total expenditures	<u>563,692</u>	<u>700,785</u>	<u>175</u>	<u>1,264,652</u>
Excess of revenues over (under) expenditures	<u>590,138</u>	<u>(735,603)</u>	<u>(37,597)</u>	<u>(183,062)</u>
Change in fund balance	590,138	(735,603)	(37,597)	(183,062)
Fund Balance:				
Beginning of year, as restated (note 10)	<u>1,216,168</u>	<u>2,930,348</u>	<u>3,414,670</u>	<u>7,561,186</u>
End of year	<u>\$ 1,806,306</u>	<u>\$ 2,194,745</u>	<u>\$ 3,377,073</u>	<u>\$ 7,378,124</u>

TEMECULA PUBLIC CEMETERY DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities*

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balance – Governmental Funds \$ (183,062)

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

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

Capital outlay	700,785
Depreciation expense	(50,240)

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

Net change in compensated absences	<u>4,314</u>
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Total adjustments	<u>654,859</u>
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Change in Net Position of Governmental Activities \$ 471,797

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Temecula Public Cemetery District ("the District") is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in 1929 for the purpose of operating a public cemetery for the residents of the Temecula Public. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of five members appointed by the Riverside County Board of Supervisors. Board members serve as volunteers and receive no compensation from the District.

The Board of Trustees annually elects officers from existing Board members. A Chair(person) and Vice-Chair(person) are elected. Two trustees serve a term of four years, and one trustee serves a term of two years. Terms are staggered pursuant to Section 9024 of the Health and Safety Code of the State of California. There are no term limits for reappointment. The Chair responsibilities are to preside at all meetings of the Board and perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for charges for services, property taxes, and investment earnings. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Trustees.

Capital Fund. Capital Projects Fund was established to account for financial resources to be used for the acquisition or construction of major capital facilities.

Endowment (Permanent) Fund: This fund is used to account for financial resources to be used for maintenance and operations of the Cemetery. The resources are derived from an endowment care fee collected with the sale of interment spaces. Resources are restricted to the extent that only investment earnings, not endowment principle, may be used for purposes that support the District's maintenance and operations programs.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Budgetary Data

The District follows these procedures in establishing budgetary data reflected in the Required Supplementary Information – Budgetary Comparison Schedule:

The District Manager submits to the Board of Trustees a proposed operating budget at the May Board meeting for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget. The General Fund is the only fund for which an annual budget is legally adopted on a basis consistent with the modified accrual basis of accounting. The Board then considers the proposed budget at its regular meeting in June, which is open to the public. The budget represented in the required supplementary information was the final budget for the fiscal year.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

3. Materials and Supplies Inventory

Inventories consisted primarily of preset single and dual crypts, as well as vaults and vases, which are valued at the lower of cost or market using the first-in first-out basis method.

4. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and Improvements	10-30 years
Furniture and Equipment	5-10 years

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Net Position

Net position is classified into three components: investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

8. Fund Balances

The fund balance for governmental funds is reported in classifications based 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.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances (continued)

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Riverside Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Riverside Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

TEMECULA PUBLIC CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Cash and investments as of June 30, were classified on the statement of net position as follows:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 3,809,233
Restricted cash and investments	<u>3,351,017</u>
Total cash and investments	<u>\$ 7,160,250</u>

Cash and investments at June 30, 2022, are reported at fair value and consisted of the following:

<u>Description</u>	<u>Balance</u>
Demand deposits with financial institutions	\$ 96,540
Deposits with Riverside County Treasury Investment Pool (RCTIP)	3,836,852
Investments	<u>3,226,858</u>
Total cash and investments	<u>\$ 7,160,250</u>

Demand Deposits

At June 30, 2022, the carrying amount of the District’s demand deposits was \$96,540 and the financial institutions balances totaled \$118,113. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Riverside County Treasury Investment Pool (RCTIP)

The District is a voluntary participant in the Riverside County Treasury Investment Pool (RCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Riverside County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, CA 92506 or the Treasurer and Tax Collector’s office website at www.countytreasurer.org.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Riverside County Treasury Investment Pool (RCTIP) (Continued)

RCTIP is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the RCTIP a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2022, the District held \$3,836,852 in RCTIP.

Investments

Investments as of June 30, 2022, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
Certificates-of-deposit	Level 1	N/A	\$ 446,153	\$ 273,914	\$ 75,431	\$ 96,808
Corporate bonds	Level 1	AAA to A-	1,395,881	339,436	150,840	905,605
Government sponsored agency securities	Level 1	AAA to A-	979,791	208,156	143,580	628,055
Money market funds	Level 1	AAA	26,997	26,997	-	-
Money market mutual funds	Level 1	N/A	378,036	378,036	-	-
Total investments			\$ 3,226,858	\$ 1,226,539	\$ 369,851	\$ 1,630,468

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Custodial Credit Risk – Investments

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

TEMECULA PUBLIC CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 3 – RESTRICTED ASSETS

Restricted assets at June 30, 2022, were categorized as follows:

Description	Balance
Restricted assets:	
Cash and investments	\$ 3,351,017
Accrued interest receivable	19,309
Due from general fund	6,747
Total restricted assets	\$ 3,377,073
Restricted net position:	
Nonexpendable – endowment principal	\$ 2,693,512
Expendable - endowment care – maintenance and operations	683,561
Total restricted net position	\$ 3,377,073

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2022, were as follows:

Description	Balance July 1, 2021	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable capital assets:				
Land	\$ 77,561	\$ -	\$ -	\$ 77,561
Construction in progress	2,766,860	700,785	-	3,467,645
Total non-depreciable capital assets	2,844,421	700,785	-	3,545,206
Depreciable capital assets:				
Intangible assets	24,470	-	-	24,470
Buildings and improvements	847,923	-	-	847,923
Furniture and equipment	188,322	-	-	188,322
Total depreciable capital assets	1,060,715	-	-	1,060,715
Accumulated depreciation:				
Intangible assets	(3,263)	(1,631)	-	(4,894)
Buildings and improvements	(433,344)	(44,587)	-	(477,931)
Furniture and equipment	(159,172)	(4,022)	-	(163,194)
Total accumulated depreciation	(595,779)	(50,240)	-	(646,019)
Total depreciable capital assets, net	464,936	(50,240)	-	414,696
Total capital assets, net	\$ 3,309,357	\$ 650,545	\$ -	\$ 3,959,902

TEMECULA PUBLIC CEMETERY DISTRICT
Notes to Financial Statements
 June 30, 2022

NOTE 5 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2022, were as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
\$ 11,451	\$ 13,891	\$ (18,205)	\$ 7,137

NOTE 6 – INTERFUND ACTIVITIES

Due to Endowment Fund from General Fund in the amount of \$6,747 as a result of the timing of cash transfers. Due to the General Fund from the Capital Fund in the amount of \$105,874 due to timing.

NOTE 7 – FUND BALANCES

At June 30, 2022, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund Endowment Care</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid items	\$ 7,606	\$ -	\$ -	\$ 7,606
Inventory	182,608	-	-	182,608
Total nonspendable	<u>190,214</u>	<u>-</u>	<u>-</u>	<u>190,214</u>
Restricted:				
Nonexpendable – endowment principal	-	-	2,693,512	2,693,512
Expendable - endowment care – maintenance	-	-	683,561	683,561
Total restricted	<u>-</u>	<u>-</u>	<u>3,377,073</u>	<u>3,377,073</u>
Committed:				
Capital improvements	-	2,194,745	-	2,194,745
Assigned:				
Compensated absences	7,137	-	-	7,137
Unassigned	<u>1,608,955</u>	<u>-</u>	<u>-</u>	<u>1,608,955</u>
Total fund balances	<u>\$ 1,806,306</u>	<u>\$ 2,194,745</u>	<u>\$ 3,377,073</u>	<u>\$ 7,378,124</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – RISK MANAGEMENT (continued)

A. Entity	SDRMA	
B. Purpose	To provide risk financing and risk management	
C. Participants	As of June 30, 2021 – 499 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2022:		
Property/Liability policy	\$15,914	
Workers' compensation policy	\$12,371	
F. Condensed financial information	June 30, 2021	
Statement of net position:		June 30, 2021
Total assets		\$ 139,860,914
Deferred outflows		606,052
Total liabilities		73,886,665
Deferred inflows		237,014
Net position		\$ 66,343,287
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 84,001,505
Total expenses		(78,600,852)
Change in net position		5,400,653
Beginning – net position		60,942,634
Ending – net position		\$ 66,343,287
G. Member agencies share of year-end financial position		Not Calculated

At June 30, 2022, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence. The District purchased additional excess coverage layers for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$800 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – RISK MANAGEMENT (continued)

- Public officials' personal liability up to \$1,000,000 each occurrence, with an annual aggregate of \$1,000,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$0 per claim.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2022, 2021 and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021 and 2020.

NOTE 9 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an Internal Revenue Code (IRS) Section 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

The District established a matching contribution program on behalf of each participating employee in the program. The matching contribution for each employee is subject to a maximum of 5% of total cash compensation for employees, and 11% for the General Manager. The District's matching contributions totaled \$17,807 for fiscal year 2022.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PRIOR PERIOD ADJUSTMENTS

Government-Wide Statement of Net Position and Statement of Activities

A detailed schedule of adjustments to net position at June 30, 2021 is as follows:

<u>Description</u>	<u>Amount</u>
Property tax receivable	\$ (5,325)
Net OPEB liability	46,000
Total prior period adjustment to net position	\$ 40,675

<u>Description</u>	<u>Amount</u>
Net position – June 30, 2021, as previously stated	\$ 10,818,417
Total prior period adjustment to net position	40,675
Net position – June 30, 2021, as restated	\$ 10,859,092

The District applied the above noted prior period adjustments to the June 30, 2021 government-wide financial statements for restatement and preparation on a comparative basis on the statement of net position and statement of activities.

Governmental Fund – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

A detailed schedule of adjustments to fund balance at June 30, 2021 is as follows:

<u>Description</u>	<u>Amount</u>
Property tax receivable	\$ 10,677
Total prior period adjustment to fund balance	\$ 10,677

<u>Description</u>	<u>Amount</u>
Fund balance – June 30, 2021, as previously stated	\$ 7,550,509
Total prior period adjustment to fund balance	10,677
Fund balance – June 30, 2021, as restated	\$ 7,561,186

The District applied the above noted prior period adjustments to the June 30, 2021 governmental fund financial statements for restatement.

TEMECULA PUBLIC CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Construction Contracts

The District has a variety of agreements with private parties relating to the construction of the Future Cemetery Property. The financing of the construction contracts is being provided primarily from the District's replacement reserves. The cost of the project to date is \$3,545,206.

The District has committed approximately \$853,650 to complete an open construction contract with Agape Construction as of June 30, 2022.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition

NOTE 12 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 17, 2022, the date which the financial statements were available to be issued.

Required Supplementary Information

TEMECULA PUBLIC CEMETERY DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 726,800	\$ 754,586	\$ 27,786
Redevelopment taxes	40,000	97,865	57,865
Charges for services	178,200	324,630	146,430
Investment earnings	70,000	(23,665)	(93,665)
Other income	-	414	414
Total revenues	<u>1,015,000</u>	<u>1,153,830</u>	<u>138,830</u>
Expenditures:			
Current:			
Salaries and wages	301,950	287,288	14,662
Employee benefits	121,466	77,136	44,330
Materials and services	259,150	199,268	59,882
Total expenditures	<u>682,566</u>	<u>563,692</u>	<u>118,874</u>
Excess of revenues over expenditures	<u>\$ 332,434</u>	590,138	<u>\$ 257,704</u>
Fund balance:			
Beginning of year		<u>1,216,168</u>	
End of year		<u>\$ 1,806,306</u>	

TEMECULA PUBLIC CEMETERY DISTRICT
Budgetary Comparison Schedule – Capital Fund
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 20,000	\$ (34,818)	\$ (54,818)
Total revenues	<u>965,000</u>	<u>(34,818)</u>	<u>(999,818)</u>
Expenditures:			
Capital outlay	351,500	700,785	(349,285)
Total expenditures	<u>1,034,066</u>	<u>700,785</u>	<u>333,281</u>
Excess of revenues over expenditures	<u>\$ (69,066)</u>	(735,603)	<u>\$ (666,537)</u>
Fund balance:			
Beginning of year		<u>2,930,348</u>	
End of year		<u>\$ 2,194,745</u>	

Other Independent Auditors' Report



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

Board of Trustees
Temecula Public Cemetery District
Temecula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Temecula Public Cemetery District (District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 17, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Murrieta, California
November 17, 2022