

TULARE PUBLIC CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

TULARE PUBLIC CEMETERY DISTRICT

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JUNE 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tulare Public Cemetery District
Tulare, California

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

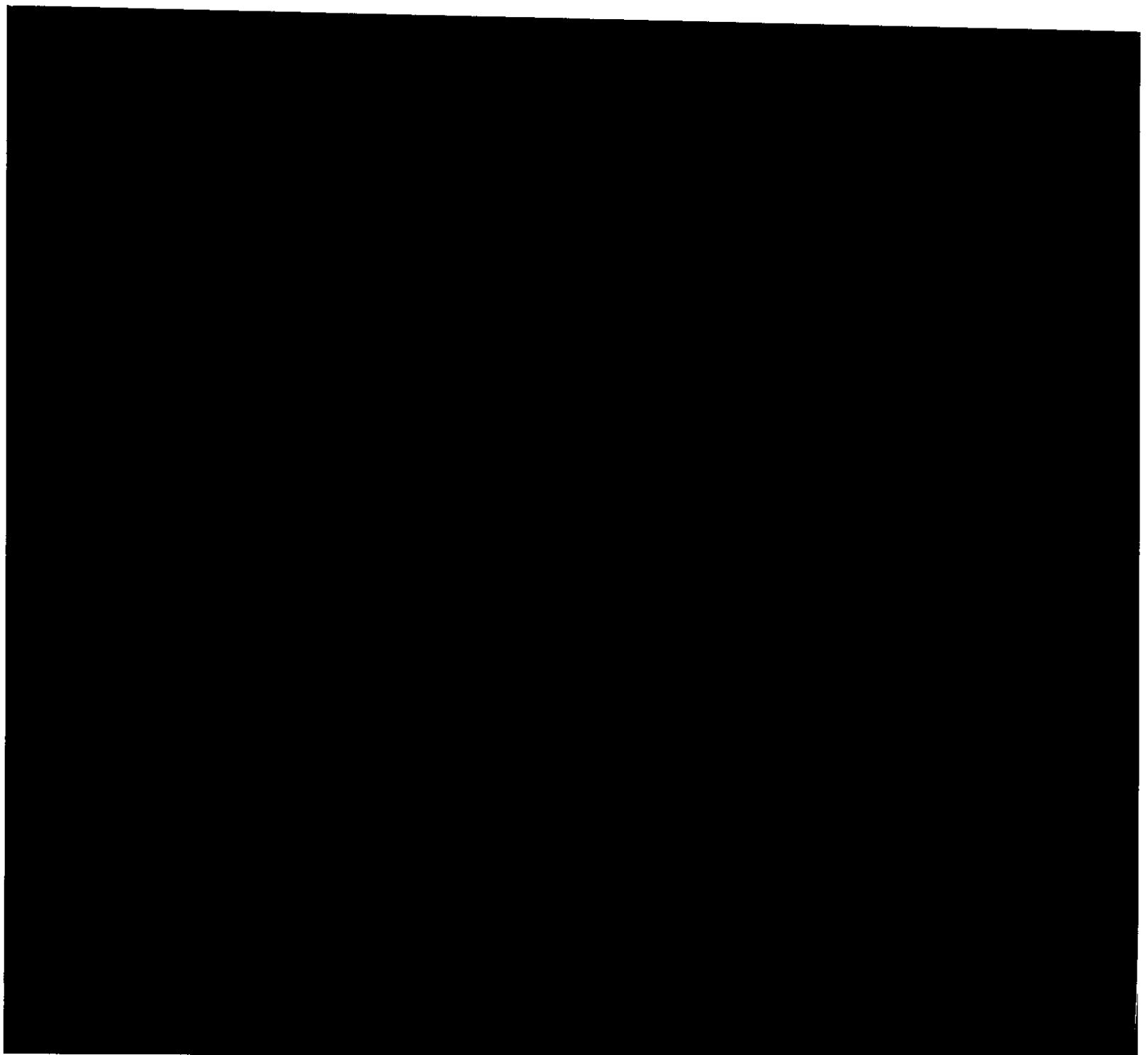
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension schedules on pages 23-24, respectively, 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.

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

M J Dennis Accountancy

July 19, 2022

TULARE PUBLIC CEMETERY DISTRICT

**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
JUNE 30, 2021**

	General Fund	Endowment Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 532,713	\$ 1,950,846	\$ 2,483,559
Accrued receivables	263	-	263
Internal balances	(2,230)	2,230	-
Net pension asset	-	-	-
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
Total Assets	530,746	1,953,076	2,483,822
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	\$ 530,746	\$ 1,953,076	2,483,822
LIABILITIES			
Accrued payables	\$ 54,599	\$ -	\$ 54,599
Long-term liabilities, non-current	-	-	-
Total Liabilities	54,599	-	54,599
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	533	1,622,862	1,623,395
Assigned	-	330,214	330,214
Unassigned	475,614	-	475,614
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	476,147	1,953,076	2,429,223
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION			
	\$ 530,746	\$ 1,953,076	\$ 2,483,822

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-A.)		Statement of Net Position	
\$	-	\$	2,483,559
	-		263
	-		-
	595,000		595,000
	129,465		129,465
	680,782		680,782
	1,405,247		3,889,069
	114,000		114,000
\$	1,519,247	\$	4,003,069
\$	-	\$	54,599
	8,000		8,000
	8,000		62,599
	174,000		174,000
	(1,623,395)		-
	(330,214)		-
	(475,614)		-
	810,247		810,247
	1,622,862		1,622,862
	1,333,361		1,333,361
	1,337,247		3,766,470
\$	1,519,247	\$	4,003,069

TULARE PUBLIC CEMETERY DISTRICT

**GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Endowment Care Fund	Total Governmental Funds
REVENUE			
Program Revenue:			
Charges for services	\$ 1,038,951	\$ 93,484	\$ 1,132,435
Property taxes, general purpose	197,523	-	197,523
Grants and contributions not restricted to specific programs	1,265	-	1,265
Revenue from use of money	24,402	27,853	52,255
Other revenues	37,472	-	37,472
Total Revenue	1,299,613	121,337	1,420,950
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	442,242	-	442,242
Benefits	142,852	-	142,852
Supplies	110,889	-	110,889
Services	332,392	-	332,392
Depreciation	-	-	-
Capital Outlay	190,102	-	190,102
Total Expenditures / Expenses	1,218,477	-	1,218,477
Excess (Deficiency) of Revenue over Expenditures/Expenses	81,136	121,337	202,473
OTHER FINANCING SOURCES/USES			
Transfers - internal activity	39,810	(39,810)	-
NET CHANGE IN FUND BALANCE / NET POSITION	120,946	81,527	202,473
Fund Balance / Net Position - Beg.	355,201	1,871,549	2,226,750
Fund Balance / Net Position - End	\$ 476,147	\$ 1,953,076	\$ 2,429,223

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-B.)	Statement of Activities
\$ -	\$ 1,132,435
-	197,523
-	1,265
-	52,255
-	37,472
-	1,420,950

(10,000)	432,242
47,000	189,852
-	110,889
-	332,392
98,406	98,406
(190,102)	-
(54,696)	1,163,781
54,696	257,169

54,696	257,169
1,282,551	3,509,301
\$ 1,337,247	\$ 3,766,470

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Tulare Public Cemetery District, was established August 1, 1927, under the State Cemetery District Act of 1906 and as subsequently amended. It was later incorporated in the California Health and Safety Code of 1939. At the time of organization, the Tulare Public Cemetery District took over the then existing Tulare City Cemetery, which had been in operation for approximately fifty years. The District operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code §9010. The District's Board of Trustees is appointed by the Tulare County Board of Supervisors.

1 - B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. 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 non-exchange transactions.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the cemetery and (b) grants and contributions 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.

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the "Adjustments" column are not provided on the face of the statements but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds. The general fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds which are of particular importance to financial statement users.

Endowment Care Fund. Per Health and Safety Code §9065, the board of trustees shall create an endowment care fund, and require a payment into the endowment care fund for each interment right sold. The board of trustees shall not spend the principal of the fund. The board of trustees shall cause the income from the fund to be deposited in an endowment income fund and spent solely for the care of the cemeteries owned by the District.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

1 - C. Basis of Accounting – Measurement Focus

Government-wide Financial Statements. The government-wide and 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. Non-exchange 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 for which the taxes are levied. Revenue from grants, entitlements, and donations 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. 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.

1 - D. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments. There are cash balances which are pooled and invested by the Tulare County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2021, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

Accrued Receivables. Interest receivables are fully collectible. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10 - 40
Site/Land Improvements	5 - 40
Equipment	5 - 10

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee Retirement System ("Cal PERS") and additions to/deductions from Cal PERS' fiduciary net position have been determined on the same basis as they are reported by Cal PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances. The fund balance for governmental funds is reported in classifications based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable. 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 Endowment Care corpus, inventories, and prepaid assets.

Assigned. Resources that are constrained by the government'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 of Directors (such as budget or finance), or officials to which the Board has delegated authority.

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

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

1 - E. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue). 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 or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Property Tax Calendar. Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on or before the first business day of September of each year, and become a lien on real property on March 1 proceeding the fiscal year for which taxes are levied.

The first installment of secured taxes is due and payable November 1 and becomes delinquent December 12 at 5:00 p.m. The second installment is due and payable on February 1 and becomes delinquent on April 10 at 5:00 p.m. Unsecured taxes are due and payable on January 1 and become delinquent on August 31 at 5:00 p.m.

The County of Tulare bills and collects the taxes on behalf of the District. The District recognizes property tax revenues actually received as reported by the Tulare County Auditor-Controller.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Compensated Absences. Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in governmental funds.

Estimates. The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds

\$ 2,429,224

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets relating to governmental activities, at historical cost:	\$ 2,194,706	
Accumulated depreciation:	(1,384,459)	810,247

Long-term liabilities (assets):

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net Pension Liability (Asset)	(595,000)	
Compensated absences payable	8,000	587,000

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	114,000	
Deferred inflows of resources relating to pensions	(174,000)	

Total Net Position - Governmental Activities:

\$ 3,766,444

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds \$ 202,473

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 190,102	
Depreciation expense:	(98,406)	91,696

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

10,000

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(47,000)

Change in Net Position of Governmental Activities: \$ 257,169

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental Activities
Cash on hand	\$ 3,403
Deposits in financial institutions	17,022
Cash in county	2,463,134
Total Cash and Cash Equivalents	\$ 2,483,559

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

3 - B. Policies and Practices

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8 and 53638.

INVESTMENT TYPE	MAX. MATURITY	MAX % OF PORTFOLIO	MIN QUALITY	GOV'T CODE
County Pooled Investment Funds	N/A	None	None	27133

3 - C. Cash Deposits

Credit Risk. As of June 30, 2021, the District's Cash in County pool consisted of debt securities and the ratings ranged from AAA to BBB by Standard & Poor's. The District's cash in county balances have a fair value measurement using other observable inputs (Level 2) as of June 30, 2021, in the amounts of \$2,285,955, respectively.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2021, the carrying amount of the District's bank deposits was \$17,022, and the bank balance totaled \$22,603, which was insured through the FDIC.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021

	Balance Jul. 01, 2020	Additions	Balance Jun. 30, 2021
Capital Assets Not Being Depreciated			
Land	\$ 129,465	\$ -	\$ 129,465
Capital Assets Being Depreciated			
Buildings and improvements	\$ 1,444,336	\$ 39,093	\$ 1,483,429
Equipment	430,803	151,009	581,812
Total assets being depreciated	1,875,139	190,102	2,065,241
Less Accumulated Depreciation			
Buildings and improvements	1,043,911	45,445	1,089,356
Equipment	242,142	52,961	295,103
Total accumulated depreciation	1,286,053	98,406	1,384,459
Total Capital Assets Being Depreciated, Net	\$ 589,086	\$ 91,696	\$ 680,782

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 5 – ACCRUED PAYABLES

Payables at June 30, 2021, were as follows:

	<u>General Fund</u>
Vendors and sales tax	\$ 33,358
Payroll related	16,241
Compensated absence	5,000
Total Accrued Payables	\$ 54,599

NOTE 6 – INTERFUND ACTIVITIES

Due From/To Other Funds and as of June 30, 2021 in the amount of \$2,230, consisted of collections in the General Fund's bank account to be transferred to the Endowment Care Fund.

Transfers to/from other funds at June 30, 2021, consist of earnings in the Endowment Fund transferred to the General Fund in the amount of \$39,810 for future maintenance purposes.

NOTE 7 – COMPENSATED ABSENCES

The long-term portion of unpaid employee compensated absences for the year ended June 30, 2021 is \$8,000, to be paid out of the General Fund.

NOTE 8 – DEFINED BENEFIT PENSION

Plan Description. The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan ("the Plan" or "PERF C") is administered by the California Public Employees' Retirement System ("CalPERS"). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

Benefit Provided and Contributions. Per the Tulare Public Cemetery District June 30, 2018 actuarial valuation report for the pension plan, the following are the benefits and employee and employer contribution requirements:

Member Category	Benefit Group	
	Misc. - Classic	Misc. - PEPRA
Benefit Formula	2% @ 60	2% @ 62
Social Security (Full/Modified)	Yes Modified	Yes Full
Employee Contribution Rate	7.00%	6.25%
Final Avg. Comp Period	3 Yr.	3 Yr.
Sick Leave Credit	Yes	Yes
Non-Industrial Disability	Standard	Standard
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	Yes
Post-Retirement Death Benefits		
Lump Sum	\$500	\$500
COLA	2%	2%
Employer Contribution Rate	8.794%	7.732%
Unfunded Liability	\$ -	\$299
Total Employer Contributions:	\$8,441	\$18,405

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported an asset of \$595,000 for its proportionate share of the net pension liability. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for plans within the miscellaneous and safety risk pools based on the following allocation methodology: The schedule of employer allocations for components of net pension liability includes two ratios:

The schedule of employer allocations for components of net pension liability includes two ratios:

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2019 used for funding purposes.
- 2) Market Value of Assets – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2019 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The schedule of employer allocations for components of net pension liability is based on actuarial valuation reports that are one year in arrears. As such, there will be a one year lag between the time an employer enters the Plan and the first year the employer is first included on the schedule of employer allocations for components of net pension liability. Employers joining the Plan during the fiscal year ended June 30, 2020, will be included in the schedule of employer allocations for components of net pension liability as of and for the fiscal year ended June 30, 2021.

The employers' proportionate share percentages of the miscellaneous and safety risk pools were first determined at the rate plan level. The employers' total proportion of the respective miscellaneous and safety risk pools reflects the sum of the proportions of the respective miscellaneous and safety rate plans.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares using the employer allocation factors as follows:

- 1) Total Pension Liability (TPL) – Allocate based on the employer's share of the actuarial accrued liability.
- 2) Fiduciary Net Position (FNP) – Allocate based on the employer's share of the market value of assets plus additional payments.
- 3) Net Pension Liability (NPL) – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) Deferred Outflows of Resources, Deferred Inflows of Resources – Allocate based on the employer's share of the net pension liability as noted in 3) above.
- 5) Pension Expense – After completing the above calculations, calculate the employer's share of collective pension expense based on the employer's share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer's contributions for the fiscal year ended June 30, 2020. The schedule of collective pension amounts does not reflect employer-specific amounts such as changes in proportion and employer contributions to PERF C subsequent to the measurement date. Appropriate treatment of such amounts is the responsibility of the employers.

An employer's proportionate share of pension amounts for PERF C equals the sum of the employer's proportionate shares of pension amounts for the respective miscellaneous and safety risk pools. At June 30, 2021, the District's proportion was:

	<u>Jun. 30, 2020</u>	<u>Jun. 30, 2019</u>	<u>Difference</u>
Miscellaneous Plan:			
Total Pension Liability Allocation Basis	0.0001012	0.0001017	-0.0000005
Fiduciary Net Position Allocation Basis	0.0001707	0.0001739	-0.0000032

For the year ended June 30, 2021, the District recognized pension expense of \$47,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Changes of assumptions	\$ 4,000	\$ -	\$ 4,000
Differences between expected and actual experience	-	(31,000)	(31,000)
Net difference between projected and actual earnings on pension plan investments	-	(18,000)	(18,000)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(125,000)	(125,000)
Change in Employer's Proportion	83,000	-	83,000
District contributions subsequent to the measurement date	27,000	-	27,000
Total	\$ 114,000	\$ (174,000)	\$ (60,000)

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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

Year ended June 30:

2022	
2023	\$ 18,000
2024	(44,000)
2025	(26,000)
	(8,000)
Total	\$ (60,000)

Actuarial Assumptions and Discount Rate Information

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Post-retirement benefit increase	

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

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

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

The expected real rates of return by asset class are as followed:

Asset class ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11 + ³
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension asset:	\$ 340,000	\$ 595,000	\$ 805,000

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 9 – FUND BALANCE

Fund balance components at June 30, 2021, were as follows:

	General Fund	Endowment Care Fund	Total Governmental Fund
Nonspendable			
Petty cash	\$ 533	\$ -	\$ -
Endowment care corpus	-	1,622,862	1,622,862
Assigned			
Endowment Care	-	330,214	330,214
Unassigned	475,614	-	475,614
Total Fund Balances	\$ 476,147	\$ 1,953,076	\$ 2,429,220

REQUIRED SUPPLEMENTARY INFORMATION

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TULARE PUBLIC CEMETERY DISTRICT

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUE				
Program Revenue:				
Charges for services	\$ 732,345	\$ 1,000,000	\$ 1,038,951	\$ 38,951
Property taxes, general purpose	188,218	188,218	197,523	9,305
Grants and contributions not restricted to specific programs	1,200	1,200	1,265	65
Revenue from use of money	3,000	3,000	24,402	21,402
Other revenues	11,200	29,200	37,472	8,272
Total Revenue	935,963	1,221,618	1,299,613	77,995
EXPENDITURES				
Current:				
Salaries and wages	363,912	363,912	442,242	(78,330)
Benefits	171,345	171,345	142,852	28,493
Supplies	83,500	108,500	110,889	(2,389)
Services	259,000	366,500	332,392	34,108
Capital Outlay	330,000	445,155	190,102	255,053
Total Expenditures	1,207,757	1,455,412	1,218,477	236,935
Excess (Deficiency) of Revenue over Expenditures	(271,794)	(233,794)	81,136	314,930
OTHER FINANCING SOURCES/USES				
Transfers - internal activity	-	-	39,810	39,810
NET CHANGE IN FUND BALANCE	(271,794)	(233,794)	120,946	354,740
Fund Balance - Beginning	355,201	355,201	355,201	
Fund Balance - Ending	\$ 83,407	\$ 121,407	\$ 476,147	\$ 354,740

TULARE PUBLIC CEMETERY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2021	2020	2019	2018	2017	2016
Miscellaneous Plan:						
District's proportion of the net pension liability (asset)	-0.01%	-0.02%	-0.02%	-0.01%	-0.02%	-0.02%
District's proportionate share of the net pension (asset)	\$ (595,000)	\$ (602,000)	\$ (598,000)	(504,000)	(605,000)	(475,000)
District's covered payroll	259,000	243,000	249,000	281,000	251,000	318,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-230%	-248%	-240%	-179%	-241%	-149%
Plan fiduciary net position as a percentage of the total pension liability	131%	133%	132%	131%	139%	133%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016
Miscellaneous Plan:						
Contractually required contribution	\$ 26,874	\$ 18,130	\$ 20,155	\$ 15,345	\$ 17,583	\$ 18,779
Contributions in relation to the contractually required contribution	(26,874)	(18,130)	(20,155)	(15,345)	(17,583)	(18,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	410,000	259,000	243,000	249,000	281,000	251,000
Contributions as a percentage of covered payroll	7%	7%	8%	6%	6%	7%