

**WILDOMAR CEMETERY DISTRICT
A SUBSIDIARY DISTRICT
OF THE CITY OF WILDOMAR
FINANCIAL STATEMENTS**

For the year ended June 30, 2022

Wildomar Cemetery District

Financial Statements **June 30, 2022**

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Independent Auditors' Report

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Wildomar Cemetery District
Wildomar, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wildomar Cemetery District (the District), a component unit of the City of Wildomar, California, as of and for the 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 year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Cemetery District, do not purport to, and do not present the financial position of the City of Wildomar, California, as of June 30, 2022, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 7 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023 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 solely 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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 3, 2023

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

As management of the Wildomar Cemetery District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage the reader to consider the information presented here in conjunction with the District's financial statements which follow this discussion.

THE FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2022, by \$2.1 million (net position).
- The District's total net position decreased by \$164,299. The primary reasons for the decrease are as follows:
 - Assets – Capital assets are higher by \$165,272 due to work on the Cemetery District's Frontage.
 - Deferred Inflows and Outflows of Resources – Deferred Pension-related items increased by a net of \$117,946 due to additional staff members hired in fiscal year 2021-22.
 - Liabilities – Total liabilities are higher by \$204,315 due to increased pre-need sales and the implementation of GASB 87, *Leases*.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

As previously discussed, government-wide financial statements detail all capital assets, including infrastructure, depreciation, and long-term debt. Specifically, these statements are designed to provide an expansive overview of the District's finances. Given its scope and to adequately present this data in a comprehensible format, the government-wide financial statements are divided into two subcategories, the Statement of Net Position and the Statement of Activities. These statements reasonably provide long and short-term information regarding the District's financial condition.

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

The District's statements provide a manageable yet comprehensive view of the District's economic position, appropriately accounting for all revenue and expenses during the specified fiscal year. To accomplish this, government-wide financial statements are reported utilizing the flow of economic resources (cost of services) measurement focus and the accrual method of accounting. Using the flow of economic resources measurement focus allows the District to provide financial transparency insofar as all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are listed on the Statement of Net Position. The added use of the accrual basis of accounting allows the District a 'real-time' advantage as revenues are recognized when earned and expenses are recognized when incurred.

The *Statement of Net Position* outlines the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. While fluctuations are expected, over time increases or decreases in the District's net position could be used to gauge the District's financial standing to ascertain whether it is improving or deteriorating.

The *Statement of Activities* demonstrates how the District's net position evolves during the current fiscal year. Specifically, this statement provides comparative analysis between direct expenses and program revenues for each functional activity of the District. In this format, net position changes are recorded in real time when triggered by underlying events without respect to the timing of the related cash flows. Because of this, it is expected that revenue and expenses for some items (such as uncollected taxes and earned but unused vacation leave) will result in recorded cash flows in future fiscal periods.

Combined, the Statements reveal functions of the District that can be divided into two categories:

- 1) Governmental activities, and
- 2) Business-type activities.

Governmental activities are chiefly supported by:

- a) Taxes derived from such sources as property tax, and:
- b) Charges for services and investment earnings.

Governmental activities of the District are for general government. In addition, the District does not have any business-type activities.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Specifically, these Fund Financial Statements cover segregated groupings of related accounts whose funds have been designated for specific activities or purpose. They provide a detailed accounting of revenue and expenditures, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and remaining fund balances for each fund. This helps to ensure and demonstrate finance related legal compliance.

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

Fund financial statements differ from activity reports due to the way capital outlay, depreciation, long-term debt, compensated absences, deferred revenues, and intergovernmental receivables are reported. The impact of these differences is laid out in the notes accompanying the financial statements.

Governmental funds

Governmental funds are reported in essentially the same way as governmental activities in the government-wide financial statements with an exception---governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources. This means governmental fund financial statements identify current sources and uses of money within the immediate fiscal year. Benefits derived include a detailed short-term view of the District's general government operations and the basic services it provides, which assist in determining whether there are sufficient financial resources available to meet the District's current needs.

Since the scope of the governmental funds is different than that of the government-wide financial statements, it is beneficial to comparatively examine information presented for the governmental funds with information presented for governmental activities in the government-wide financial statements.

The reader gains a clearer picture of the long-term impacts current financial decisions might yield. When examined together, the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide the reader with a different snapshot that identifies variances between the two different methodologies of accounting for governmental activities and governmental funds.

The District maintains three individual governmental funds. Information is summarized in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Endowment Fund. Data from the three governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found in the Table of Contents under the heading Notes to Financial Statements.

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and included within the notes, this report also presents Required Supplementary Information.

Required supplementary information includes budgetary comparison schedules for the two governmental funds to demonstrate compliance with the annual budget as adopted and amended, miscellaneous plan information and schedule of contributions. Required Supplementary Information can be found following the Notes to the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources as of June 30, 2022, by \$2.1 million (net position).

During the fiscal year ended June 30, 2022, net position was \$2.1 million of which nearly \$.98 million is invested in capital assets such as land, equipment, and buildings. Of the remaining total, nearly \$0.3 million is restricted for endowment care and nearly \$0.83 million is unrestricted. Of note is the fact that the District has no outstanding debt related to capital assets held.

Table 1 – Statement of Net Position – Governmental Activities

Wildomar Cemetery District Statement of Net Position - Summary June 30, 2022 and 2021		
Governmental Activities		
	2022	2021
Assets:		
Current and other assets	\$ 1,648,861	\$ 1,653,541
Capital assets	1,146,824	981,552
Total Assets	<u>2,795,685</u>	<u>2,635,093</u>
Deferred outflows of resources:		
Deferred pension-related items	40,875	42,190
Total Deferred Outflows of Resources	<u>40,875</u>	<u>42,190</u>
Liabilities:		
Other Liabilities	277,664	171,762
Long-term liabilities	320,002	221,589
Total Liabilities	<u>597,666</u>	<u>393,351</u>
Deferred inflows of resources:		
Deferred pension-related items	134,582	15,321
Total Deferred Inflows of Resources	<u>134,582</u>	<u>15,321</u>
Net Position:		
Net Investment in capital assets	985,402	981,552
Restricted	289,168	281,809
Unrestricted	829,742	1,005,250
Total Net Position	<u>\$ 2,104,312</u>	<u>\$ 2,268,611</u>

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

Table 2 – Statement of Activities – Governmental Activities

Wildomar Cemetery District Statement of Activities For the years ended June 30, 2022 and 2021		
Governmental Activities	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 128,683	\$ 72,740
Operating grants and contributions	35,846	26,314
General revenues:		
Property taxes	631,414	597,345
Investment earnings	(17,509)	6,030
Miscellaneous	-	2,445
Total Revenues	<u>778,434</u>	<u>704,874</u>
Expenses:		
General government	<u>942,733</u>	<u>731,007</u>
Total Expenses	<u>942,733</u>	<u>731,007</u>
Increase (decrease) in net position	(164,299)	(26,133)
Net position, beginning of year	2,268,611	2,294,744
Net position, end of year	<u>\$ 2,104,312</u>	<u>\$ 2,268,611</u>

During fiscal year 2021-22, the change in net position decreased by \$164,299 when compared to fiscal year 2020-21. The year over year changes to revenues increased by \$73,560, with Property Taxes increasing by \$34,069, Charges for Services increasing by \$55,943, Miscellaneous Revenues decreasing by \$2,445, and Investment Earnings decreasing by \$23,539. Expenses increased year over year by \$211,726. Expenses increased due to additional staff allocations and implementation of GASB 87 Leases.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

As stated, governmental fund financial statements identify current sources and uses of money. Benefits derived include a detailed short-term view of the District's general government operations and the basic services it provides, which assists in determining whether there are sufficient financial resources available to meet the District's current needs.

The financial position of the District's governmental funds has decreased when compared to the previous fiscal year. The total ending fund balance for the District's governmental funds was \$1.36 million which represented a \$110,582 decrease from the prior fiscal year balance. Most of this decrease was related to additional personnel costs and implementation of GASB 87 Leases.

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

The General Fund is the primarily funding source for the District. At fiscal year end, the unassigned fund balance of the general fund was \$1.05 million. The General Fund had an excess of expenditures over budgeted amount for capital outlay due to the implementation of GASB 87, *Leases*.

CAPITAL ASSETS

The District's net investment in capital assets (Table 3) for its governmental activities as of June 30, 2022, is \$1.146 million (net of accumulated depreciation). This investment in capital assets includes land, right-to-use assets, buildings and improvements and furniture and equipment. For more information, please refer to Notes 1E and 4 in the notes to financial statements. The capital assets of the District are those assets which are used in the performance of the District's functions. Depreciation/amortization on capital assets is recognized in the Government-wide financial statements.

Table 3 – Summary of Capital Assets

**Wildomar Cemetery District
Summary of Changes in Capital Assets
June 30, 2022**

	2022	2021	Change
Governmental activities:			
Capital assets, net			
Land	\$ 963,390	\$ 963,390	\$ -
Right-to-use	147,786	-	147,786
Buildings and improvements	11,301	12,110	(809)
Furniture, fixtures and equipment	24,347	6,052	18,295
Total	\$ 1,146,824	\$ 981,552	\$ 165,272

Wildomar Cemetery District

Management's Discussion and Analysis For the Year Ended June 30, 2022

LONG-TERM LIABILITIES

At year end, the District had \$184,796 in outstanding long-term liabilities for Governmental Activities. These liabilities are related to compensated absences and leases payable. See Notes 6 and 7 for additional information.

Table 4 – Summary of Long-Term Liabilities

**Wildomar Cemetery District
Summary of Changes in Long-term Liabilities
June 30, 2022**

	2022	2021	Change
Governmental activities:			
Leases	\$ 161,422	\$ -	\$ 161,422
Compensated absences	23,374	12,411	10,963
Total	\$ 184,796	\$ 12,411	\$ 172,385

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

The staff and Board of Trustees serve the residents by keeping the cost of interments down, keeping staffing at optimum levels, and attempting to perform most work with the existing staff.

Key budget assumptions for forecasting General Fund revenues and expenditures include the following:

- Increase in property taxes due to increases in valuations.
- Effect of the district's reorganized boundaries
- Cemetery Master Plan

The Adopted Operating Budget for Fiscal Year 2022-23 is structurally balanced and attempts to balance accomplishment of the Trustee's goals and objectives while maintaining financial stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Wildomar Cemetery District finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Wildomar Cemetery District
Attention: Administrative Services Director
23873 Clinton Keith Road, Suite 201
Wildomar, California 92595

Wildomar Cemetery District

Statement of Net Position June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,329,744
Restricted cash and investments	289,168
Due from other governments	24,724
Inventories	5,225
Capital assets, not being depreciated	963,390
Capital assets, net of depreciation	<u>183,434</u>
Total Assets	<u>2,795,685</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>40,875</u>
Total deferred outflows of resources	<u>40,875</u>
LIABILITIES	
Accounts payable	26,601
Accrued liabilities	35,868
Deposits payable - pre-need	215,195
Noncurrent Liabilities:	
Due within one year	61,011
Due in more than one year:	
Compensated absences	17,530
Leases	106,255
Net pension liability	<u>135,206</u>
Total liabilities	<u>597,666</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>134,582</u>
Total deferred inflows of resources	<u>134,582</u>
NET POSITION	
Net investment in capital assets	985,402
Restricted for:	
Endowment care	289,168
Unrestricted	<u>829,742</u>
Total net position	<u>\$ 2,104,312</u>

The accompanying notes are an integral party of these financial statements.

Wildomar Cemetery District

Statement of Activities For the year ended June 30, 2022

	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental Activities:					
General government	\$ 942,733	\$ 128,683	\$ 35,846	\$ -	\$ (778,204)
Total Governmental Activities	<u>\$ 942,733</u>	<u>\$ 128,683</u>	<u>\$ 35,846</u>	<u>\$ -</u>	<u>\$ (778,204)</u>
General revenues:					
Property taxes					631,414
Investment earnings					(17,509)
Total general revenues					<u>613,905</u>
Change in net position					(164,299)
Net position, beginning of year					<u>2,268,611</u>
Net position, end of year					<u>\$ 2,104,312</u>

The accompanying notes are an integral party of these financial statements.

Wildomar Cemetery District

Balance Sheet Governmental Funds June 30, 2022

	General Fund	Capital Projects Fund	Endowment Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,306,519	\$ 23,225	\$ -	\$ 1,329,744
Restricted cash and investments	-	-	289,168	289,168
Due from other governments	24,724	-	-	24,724
Inventories	5,225	-	-	5,225
Total assets	\$ 1,336,468	\$ 23,225	\$ 289,168	\$ 1,648,861
LIABILITIES				
Accounts payable	\$ 19,483	\$ 7,118	\$ -	\$ 26,601
Accrued liabilities	35,868	-	-	35,868
Deposits payable - pre-need	215,195	-	-	215,195
Total liabilities	270,546	7,118	-	277,664
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	8,371	-	-	8,371
Total deferred inflows of resources	8,371	-	-	8,371
FUND BALANCES (DEFICIT)				
Nonspendable:				
Inventories	5,225	-	-	5,225
Permanent fund corpus	-	-	261,535	261,535
Restricted for:				
Capital projects	-	16,107	-	16,107
Endowment care	-	-	27,633	27,633
Unassigned	1,052,326	-	-	1,052,326
Total fund balances	1,057,551	16,107	289,168	1,362,826
Total liabilities, deferred inflows of resources and fund balances	\$ 1,336,468	\$ 23,225	\$ 289,168	\$ 1,648,861

The accompanying notes are an integral party of these financial statements.

Wildomar Cemetery District

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

Fund balances of governmental funds	\$ 1,362,826
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in government fund activity.	1,146,824
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	8,371
Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.	
Pension related deferred outflows of resources	40,875
Pension related deferred inflows of resources	(134,582)
Liabilities that are not due and payable in the current period and are not reported in the funds.	
Leases	(161,422)
Net pension liability	(135,206)
Compensated absences	<u>(23,374)</u>
Net position of governmental activities	<u>\$ 2,104,312</u>

Wildomar Cemetery District

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the year ended June 30, 2022

	General Fund	Capital Projects Fund	Endowment Fund	Governmental Funds
REVENUES				
Property taxes	\$ 631,414	\$ -	\$ -	\$ 631,414
Charges for services	102,433	-	26,250	128,683
Investment earnings	1,328	6	(18,843)	(17,509)
Total revenues	<u>735,175</u>	<u>6</u>	<u>7,407</u>	<u>742,588</u>
EXPENDITURES				
Current:				
General government	494,045	6	48	494,099
Materials and services	142,657	-	-	142,657
Debt service:				
Principal	45,479	-	-	45,479
Interest	773	-	-	773
Capital outlay	<u>239,625</u>	<u>35,876</u>	<u>-</u>	<u>275,501</u>
Total expenditures	<u>922,579</u>	<u>35,882</u>	<u>48</u>	<u>958,509</u>
Excess (deficiency) of revenues over expenditures	<u>(187,404)</u>	<u>(35,876)</u>	<u>7,359</u>	<u>(215,921)</u>
OTHER FINANCING RESOURCES (USES)				
Lease acquisition	206,901	-	-	206,901
Contributions from other governments	-	35,846	-	35,846
Contributions to other governments	<u>(137,408)</u>	<u>-</u>	<u>-</u>	<u>(137,408)</u>
Total other financing sources (uses)	<u>69,493</u>	<u>35,846</u>	<u>-</u>	<u>105,339</u>
Net change in fund balances	<u>(117,911)</u>	<u>(30)</u>	<u>7,359</u>	<u>(110,582)</u>
FUND BALANCES (DEFICIT)				
Fund balances, beginning of year	<u>1,175,462</u>	<u>16,137</u>	<u>281,809</u>	<u>1,473,408</u>
Fund balances, end of year	<u>\$ 1,057,551</u>	<u>\$ 16,107</u>	<u>\$ 289,168</u>	<u>\$ 1,362,826</u>

The accompanying notes are an integral party of these financial statements.

Wildomar Cemetery District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2022

Net change in fund balances - total governmental funds	\$ (110,582)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.

Capital outlay, net of disposals	232,003
Depreciation expense	(66,731)
<hr/>	
Governmental funds report activity of long-term liabilities as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities in the Statement of Net Position.	
Lease acquisition	(206,901)
Principal payment	45,479
Net change in compensated absences	(10,963)
Net change in the net pension liability	<u>(46,604)</u>
<hr/>	
Change in net position of governmental activities	<u>\$ (164,299)</u>

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wildomar Cemetery District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial principles. The following is a summary of the significant accounting policies.

A. Description of the Reporting Entity

The Wildomar 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 on March 28, 1955 for the purpose of operating a public cemetery for the residents of Wildomar, California. On July 28, 2011, the District was consolidated into the City of Wildomar as a subsidiary district. As a result, the structure of the District is a separate legal entity and the City Council of the City of Wildomar would oversee the operations of the District acting as the Board of Trustees.

The accompanying financial statements comply with the provisions of GASB in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the Organization’s governing body and either (1) the District’s ability to impose its will over the Organization or (2) the potential that the Organization will provide a financial benefit to, impose a financial burden on, the District. Using these criteria, the District has no component units.

The District is a component unit of the City of Wildomar and, accordingly, the financial statements of the District are included in the financial statements of the City. The District is an integral part of the reporting entity of the City of Wildomar. Only the funds of the District are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City. The District is reported as a discretely presented component unit of the City of Wildomar.

B. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

The District has implemented GASB No. 87, Leases, please see note 7 for additional information.

C. Basis of presentation

The District has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of presentation (continued)

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Currently, the District does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by accounting standards in regard to interfund activities, payables and receivables. All internal balances within the District have been eliminated on the statement of net position and the statement of activities.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within the 60 days of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General 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 services, rents, property taxes and interest. 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.

The *Capital Projects Fund* is used to account for financial resources used in making major capital improvement projects for the Cemetery. The resources are derived from the City of Wildomar.

The *Endowment Fund* is used to account for financial resources to be used for future maintenance of the Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisitions. The principal must be preserved intact.

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

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are recorded at fair value. The estimated fair value of all investments is the quoted market price. Interest earned on all cash and investments is credited to the fund which holds the investment.

Restricted Assets

Certain resources are classified as restricted on the balance sheet because their use is limited to use in the future when the Cemetery no longer has space available to sell for burial rights.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories

Inventory is valued at cost, which approximates fair value, on a first-in, first-out basis. These costs are recorded as expenditure when consumed rather than when purchased.

Capital Assets

Capital assets, which includes land, building, improvements, equipment, and infrastructure assets are reported in the governmental activities' column in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets are stated at cost (or estimated historical cost) and updated for additions or retirements during the year. Infrastructure and improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	10 to 15 years
Furniture, fixtures and equipment	3 to 10 years

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale of assets.

Property Taxes

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

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Equity

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily 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. The District considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action(resolution or ordinance) by the Board of Trustees, who is government's highest level of decision-making authority.

Assigned Fund Balance – Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given.

Unassigned Fund Balance – These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

Net position presents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District, laws or regulations of other governments.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net position/fund balance flow assumptions – The District's policy is to spend restricted amounts first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available. Therefore, restricted net position/fund balance is depleted before using unrestricted net position/fund balance. In governmental funds, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned and then unassigned.

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, deferred outflows/inflows of resources, and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 1,329,744
Restricted cash and investments	<u>289,168</u>
 Total cash and investments	 <u>\$ 1,618,912</u>

As of June 30, 2022, Cash and investments consisted of the following:

Deposits with financial institutions	\$ 1,371,245
Investments	<u>247,667</u>
 Total cash and investments	 <u>\$ 1,618,912</u>

The District invested cash from the Endowment Fund for the purpose of increasing earnings through investment activities. Cash not invested is held by the City of Wildomar in pooled accounts. These are identified by the District and the City by individual funds.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

2) CASH AND INVESTMENTS (continued)

Deposits

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of the City's deposits. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agent of Depository are considered to be held for, and in the name of, the local governmental agency.

Authorized Investments

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy (which the District follows). The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive, which the District follows) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasuries	5 years	None	None
Federal agency securities	5 years	None	None
Municipal bonds	5 years	None	None
Money market mutual funds	N/A	20%	None
Certificates of deposit	N/A	10%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Banker's acceptance notes	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	5%
Joint Powers Authority Investment Pools	N/A	None	None

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

2) CASH AND INVESTMENTS (continued)

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 longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation are presented below:

Investment type	Total	12 months or less	13 to 24 months	25 to 60 months
Money market mutual funds	\$ 247,667	\$ 247,667	\$ -	\$ -
Total	<u>\$ 247,667</u>	<u>\$ 247,667</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

Generally, 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. Presented below is the minimum rating required by the California Government Code and the actual ratings as of the year end for the Pool.

Investment Type	Amount	Minimum legal rating	Rated Aaa/AAA
Money market mutual funds	<u>\$ 247,667</u>	N/A	<u>\$ 247,667</u>
Total	<u>\$ 247,667</u>		<u>\$ 247,667</u>

Concentration of Credit Risk

The California Government Code places limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of total investments as of June 30, 2022.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

2) CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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 California Government Code does not contain legal requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local government 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, all deposits with financial institutions in excess of federal depository insurance limit were held in collateralized accounts where the collateral is not held specifically in the name of the District, as described above. As of June 30, 2022, the District did not have any investments held by a broker-dealer (counterparty) that was used by the District to buy the securities.

3) FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active.
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, losses, severities, credit risks, and default rates).
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Wildomar Cemetery District

Notes to Financial Statements June 30, 2022

3) FAIR VALUE MEASUREMENTS (continued)

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of assets measured on a recurring basis as of June 30, 2022, are as follows:

	Fair Value	Significant other observable inputs (Level 2)
Money market mutual funds	\$ 247,667	\$ 247,667
Total	\$ 247,667	\$ 247,667

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices.

4) CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 963,390	\$ -	\$ -	\$ 963,390
Total capital assets, not being depreciated	963,390	-	-	963,390
Capital assets, being depreciated:				
Right-to-use	-	206,901	-	206,901
Buildings and improvements	349,598	-	-	349,598
Furniture, fixtures and equipment	139,590	28,128	(7,565)	160,153
Total capital assets, being depreciated	489,188	235,029	(7,565)	716,652
Less accumulated depreciation/amortization for:				
Right-to-use amortization	-	(59,115)	-	(59,115)
Buildings and improvements	(337,488)	(809)	-	(338,297)
Furniture, fixtures and equipment	(133,538)	(6,807)	4,539	(135,806)
Total Accumulated Depreciation	(471,026)	(66,731)	4,539	(533,218)
Total Capital Assets, Being Depreciated, Net	18,162	168,298	(3,026)	183,434
Governmental Activities Capital Assets, Net	\$ 981,552	\$ 168,298	\$ (3,026)	\$ 1,146,824

Depreciation/amortization expense of \$66,731 was charged to general government expense on the government-wide statements.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

5) DEPOSITS PAYABLE - PRE-NEED

Included in deposits payable - pre-need is \$215,195 which represents monies collected and held by the District in advance of services.

6) COMPENSATED ABSENCES PAYABLE

Compensated absences activity for the year ended June 30, 2022 was as follows:

<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<u>\$ 12,411</u>	<u>\$ 10,963</u>	<u>\$ -</u>	<u>\$ 23,374</u>	<u>\$ 5,844</u>

The liability for compensated absences will be paid in future years from the General Fund.

7) LEASES PAYABLE

During the current fiscal year, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

During the current fiscal year, the City of Wildomar entered into a 42-month lease as lessee for the use of city hall. The District has been allocated a 15% share of the lease. The District recorded an initial lease liability in the amount of \$206,901. As of June 30, 2022, the amount of the lease liability is \$161,422. The lease has an interest rate of 0.4570%. The buildings estimated useful life was 20 years as of the lease commencement. The value of the right-to-use asset as of June 30, 2022 is \$206,901 with accumulated amortization of \$59,115. The right-to-use asset is being amortized over the lease term. The lease activity for the year ended June 30, 2022, is as follows:

<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<u>\$ -</u>	<u>\$ 206,901</u>	<u>\$ (45,479)</u>	<u>\$ 161,422</u>	<u>\$ 55,167</u>

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

7) LEASES PAYABLE (continued)

The future lease payments on the lease are as follows:

Year ended June 30,	Principal	Interest	Total
2023	\$ 55,167	\$ 636	\$ 55,803
2024	70,557	339	70,896
2025	35,698	48	35,746
Totals	<u>\$ 161,422</u>	<u>\$ 1,023</u>	<u>\$ 162,445</u>

8) PENSION PLAN

General Information about the Pension Plans

Plan Description

All full-time employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that, are considered new members as defined by the Public Employees' Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Benefits Provided

CalPERS, provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRA Miscellaneous Plan with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit, as well as the 1959 Survivor Benefit. The cost-of-living adjustments for all plans are applied as specified by the Public Employees' Retirement Law.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

General Information about the Pension Plans (continued)

The rate plan provisions and benefits in effect as of June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formulas	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55+	52-67+
Monthly benefits, as a % of eligible compensation	2.0%-2.7%	1.0%-2.5%
Required employee contribution rates ⁽¹⁾	N/A	N/A
Required employer contribution rates	N/A	N/A

⁽¹⁾ The District currently has no employees and all services are performed by City Employees.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2022 were \$23,696. The actual employer payments of \$23,030 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the proportionate share of the employer's contributions of \$21,459 by \$1,571, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

The District's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability (asset) is as follows.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	Depending on age, service, and type of employment
Mortality	CalPERS membership data ⁽¹⁾
Post retirement benefit increase	The lesser of contract COLA up to 2.5% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 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.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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 returns of all of 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.

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

Assets Class ^(a)	Assumed Asset Allocation	Real Return Years 1-10 ^(b)	Real Return Years 11+ ^(c)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.80%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

^(a) In the System's Annual Comprehensive Financial Report, fixed income is included in global equity securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

^(b) An expected inflation of 2.00% used for this period.

^(c) An expected inflation of 2.92% used for this period.

Change of Assumptions

There were no change of assumptions for measurement date June 30, 2021.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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 (asset).

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	District total pension liability (a)	District fiduciary net position (b)	District net pension liability (c) = (a) - (b)
Balance at: 6/30/2020 (VD)	\$ 667,891	\$ 458,714	\$ 209,177
Balance at: 6/30/2021 (MD)	<u>680,793</u>	<u>545,587</u>	<u>135,206</u>
Net change	<u><u>\$ (12,902)</u></u>	<u><u>\$ (86,873)</u></u>	<u><u>\$ 73,971</u></u>

Valuation date (VD); Measurement date (MD)

Wildomar Cemetery District

Notes to Financial Statements June 30, 2022

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Local Government's proportionate share of the net pension liability for the Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

Proportion - June 30, 2021	0.00192%
Proportion - June 30, 2022	0.00250%
Change - increase (decrease)	<u>0.00058%</u>

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

The following presents the District's proportionate share of the net pension liability (asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount rate - 1% (8.15%)
Net pension liability	\$ 225,091	\$ 135,206	\$ 60,899

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

As of the start of the measurement period (July 1, 2020), the District's net pension liability was \$209,177. For the measurement period ending June 30, 2021 (the measurement date), the District incurred a pension expense of \$70,300.

As of June 30, 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contributions subsequent to measurement date	\$ 23,696	\$ -
Change of assumptions	-	-
Differences between expected and actual experience	15,162	-
Differences between projected and actual investment earnings	-	118,027
Differences between employer's contributions and proportionate share of contributions	2,017	-
Changes in employer's proportion	-	16,555
Total	\$ 40,875	\$ 134,582

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

8) PENSION PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of \$23,696 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability (asset) in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Fiscal year ended June 30,</u>	<u>Deferred outflows/inflows of resources</u>
2023	\$ (27,825)
2024	(28,408)
2025	(28,555)
2026	(32,615)
2027	-
Thereafter	<hr/>
Total	<hr/> <u>\$ (117,403)</u>

9) 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; and natural disasters for which the District obtains insurance coverage.

The District is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The District contracted with Golden State Risk Management Authority for liability, property, and crime damage. Policy limits of \$50,000,000 per occurrence for general liability. Policy is written on an Occurrence Form and includes Automobile liability coverage, Officers and Board of Trustees Errors and Omissions and Pollution liability coverage. There is no aggregate limit on this coverage. Property coverage is all risk, replacement cost and provides up to \$600,000,000 maximum payment per coverage loss. Coverage includes Automobile Physical Damage, Mobile Equipment and Boller and Machinery.

The District has had no significant reduction in insurance coverage from prior years. The District has had no settlements exceed insurance coverage for the past three years.

Worker's compensation coverage is maintained by paying premiums to Golden State Risk Management Authority. Policy limits match statutory limits on a per occurrence basis and includes Employer Liability Coverage with policy limits of \$5,000,000 per occurrence.

Wildomar Cemetery District

Notes to Financial Statements **June 30, 2022**

9) RISK MANAGEMENT (continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred by not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claim's liability estimate.

10) COMMITMENTS AND CONTINGENCIES

As of June 30, 2022, in the opinion of the District's Administration, there are no outstanding matters which would have a significant effect on the financial condition of the funds of the District.

REQUIRED SUPPLEMENTARY INFORMATION

Wildomar Cemetery District

Notes to Required Supplementary Information **June 30, 2022**

A. Budgetary Data

The District follows these procedures, in establishing budgetary data reflected in the Required Supplemental Information - Budgetary Schedules:

The Board of Trustees approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Board. Supplemental appropriations, were required during the period, are also approved by the Board. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse. All funds of the District legally adopt an annual budget which is on a basis consistent with generally accepted accounting principles (GAAP).

B. Excess of Expenditures over Appropriations

Capital outlay had expenditures in excess of appropriations in the current fiscal year. This was due to the implementation of GASBS 87, Leases (see note 7 to the financial statements).

Wildomar Cemetery District

Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Budgetary fund balance, July 1	\$ 1,175,462	\$ 1,175,462	\$ 1,175,462	\$ -
Resources (inflows):				
Property taxes	584,900	617,200	631,414	14,214
Charges for services	67,100	146,300	102,433	(43,867)
Investment earnings	1,500	1,500	1,328	(172)
Lease acquisition	-	-	206,901	206,901
Amounts available for appropriations	1,828,962	1,940,462	2,117,538	177,076
Charges to appropriations (outflows):				
Current:				
Personnel services	565,800	565,300	494,045	71,255
Materials and services	138,669	146,464	142,657	3,807
Debt service:				
Principal	39,657	45,561	45,479	82
Interest	674	775	773	2
Capital outlay	29,800	33,100	239,625	(206,525)
Contributions to other governments	160,000	160,000	137,408	22,592
Total charges to appropriations	934,600	951,200	1,059,987	(108,787)
Budgetary fund balance, June 30	\$ 894,362	\$ 989,262	\$ 1,057,551	\$ 68,289

Wildomar Cemetery District

Schedule of the District's Proportionate Share of the Net Pension Liability CalPERS Pension Plan Last Ten Years⁽¹⁾ As of June 30, 2022

Measurement date	Net Pension Liability ⁽¹⁾	Proportionate Share of the Net Pension Liability	Employer's Covered Payroll ⁽²⁾	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.00249%	\$ 171,037	\$ -	0.00%	71.00%
2016	0.00226%	195,159	-	0.00%	80.76%
2017	0.00215%	213,644	-	0.00%	66.49%
2018	0.00211%	203,561	-	0.00%	67.69%
2019	0.00204%	208,876	-	0.00%	68.44%
2020	0.00192%	209,177	-	0.00%	68.68%
2021	0.00250%	135,206	-	0.00%	80.14%

⁽¹⁾ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

⁽²⁾The District's plan is still open, however does not have any active employees, therefore, no current payroll.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Wildomar Cemetery District

Schedule of Contributions CalPERS Pension Plan Last Ten Years⁽¹⁾ As of June 30, 2022

Fiscal year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll ⁽¹⁾	Contributions as a Percentage of Covered Payroll
2016	\$ 13,537	\$ (13,537)	\$ -	\$ -	0.00%
2017	15,113	(15,113)	-	-	0.00%
2018	17,619	(17,619)	-	-	0.00%
2019	22,343	(22,343)	-	-	0.00%
2020	20,744	(20,744)	-	-	0.00%
2021	23,030	(23,030)	-	-	0.00%
2022	23,696	(23,696)	-	-	0.00%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

⁽¹⁾The District's plan is still open, however does not have any active employees, therefore, no current payroll.

SUPPLEMENTARY INFORMATION

Wildomar Cemetery District

Budgetary Comparison Schedule
Capital Projects Fund
For the year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 16,137	\$ 16,137	\$ 16,137	\$ -
Resources (inflows):				
Investment earnings	-	-	6	6
Contributions from other governments	50,000	50,000	35,846	(14,154)
Amounts available for appropriations	66,137	66,137	51,989	(14,148)
Charges to appropriations (outflows):				
Current:				
Materials and services	-	-	6	(6)
Capital outlay	50,000	54,000	35,876	18,124
Total charges to appropriations	50,000	54,000	35,882	18,118
Budgetary fund balance, June 30	\$ 16,137	\$ 12,137	\$ 16,107	\$ 3,970

Wildomar Cemetery District

Budgetary Comparison Schedule
Endowment Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	\$ 281,809	\$ 281,809	\$ 281,809	\$ -
Resources (inflows):				
Charges for services	25,000	57,000	26,250	(30,750)
Investment earnings	4,000	4,000	(18,843)	(22,843)
Amounts available for appropriations	310,809	342,809	289,216	(53,593)
Charges to appropriations (outflows):				
Current:				
General government	-	-	48	(48)
Total charges to appropriations	-	-	48	(48)
Budgetary fund balance, June 30	\$ 310,809	\$ 342,809	\$ 289,168	\$ (53,641)