

**TEMECULA PUBLIC CEMETERY
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

TEMECULA PUBLIC CEMETERY DISTRICT

TEMECULA, CALIFORNIA

JUNE 30, 2021

MEMBER	OFFICE	TERM EXPIRES
Dale Qualm	Chair	January 2024
David Reese	Vice Chair	January 2023
Craig Davis	Trustee	December 2025
Mike Dugan	Trustee	December 2025
Rosie Vanderhaak	Trustee	December 2025

ADMINISTRATION

Cindi Beaudet

General Manager

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TEMECULA PUBLIC CEMETERY DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Temecula Public Cemetery District
Temecula, California

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

Temecula 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 Temecula 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.

RT DENNIS
ACCOUNTANCY

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and schedule of changes in OPEB on pages 5-9 and 29-30, 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.

M J Dennis Accountancy

September 24, 2021

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TEMECULA PUBLIC CEMETERY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Temecula Public Cemetery District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2021. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net position increased almost \$0.7 million to \$10.8 million. This is similar to the increase in net assets for the past few years.
- The District's property tax revenues increased by 6% or \$45k in June 30, 2021 partially due to value increases along with the Redevelopment taxes.
- Total revenues from all sources decreased by \$42k to \$1.2 million in June 30, 2021, even though there was an uptick in sales there was a bigger decrease in interest revenue.
- Total expenses decreased 10% or \$63k in 2021 primarily due to a decrease in employee costs and benefits, as a result from staffing decrease.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Temecula Public Cemetery District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus on governmental funds is narrower than that of a government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between government funds and governmental activities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and compliance.

Temecula Public Cemetery District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$10.8 million as of June 30, 2021.

A portion of the District's net position, \$3.3 million, reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the cemetery; consequently, these assets are not available for future spending. At the end of fiscal year June 30, 2021, the District shows a positive balance in its unrestricted net position of \$4.9 million that may be utilized in future years.

Table 1 - Net Position

<i>(Amounts in thousands)</i>	2021	2020	\$ Change	% Change
Current and other assets	\$ 4,744	\$ 4,411	\$ 333	8%
Non-current assets	6,186	5,852	334	6%
Total Assets	10,930	10,263	667	6%
Current liabilities	54	61	(7)	-11%
Non-current liabilities	57	50	7	14%
Total Liabilities	111	111	-	0%
Net position				
Net investment in capital assets	3,309	3,323	(14)	0%
Restricted	2,632	1,000	1,632	163%
Unrestricted	4,877	5,829	(952)	-16%
Total Net Position	\$ 10,818	\$ 10,152	\$ 666	7%

Temecula Public Cemetery District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

The statement of activities shows how the government's net position changes during the fiscal year. In the case of the District, net position increased by almost \$0.7 million for the fiscal year ended June 30, 2021.

Table 2 - Changes in Net Position

<i>(Amounts in thousands)</i>	2021	2020	\$ Change	% Change
Program revenue	\$ 388	\$ 303	\$ 85	28%
General revenue	827	954	(127)	-13%
Total Revenue	1,215	1,257	(42)	-3%
Salaries and benefits	346	404	(58)	-14%
Supplies and services	159	175	(16)	-9%
Other charges	49	38	11	29%
Total Expenses	554	617	(63)	-10%
Excess before special items and transfers	661	640	21	3%
Special items	5	-	5	n/a
Increase in net position	\$ 666	\$ 640	\$ 26	4%

Governmental Funds Financial Analysis

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2021, the District's General Fund reports a fund balance of \$1.2 million. An amount of almost \$1.0 million constitutes the District's unassigned fund balance, which is available for future cemetery expansion expenditures.

General Fund Budgetary Highlights

While the District budgets each fiscal year for a zero net increase, the General Manager works to minimize costs. Revenue for the fiscal year ended June 30, 2021, was almost \$121k higher than anticipated due to additional Property Tax revenue and investment revenue with Stifel.

Temecula Public Cemetery District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Capital asset administration

At the end of fiscal year June 30, 2021, the District's investment in capital assets amount to \$3.3 million (net of depreciation). This investment in capital assets includes structures and improvements, equipment and construction-in-process.

Table 3 - Capital Assets, Net of Depreciation

<i>(Amounts in thousands)</i>	2021	2020	\$ Change	% Change
Land	\$ 78	\$ 78	\$ -	0%
Construction in progress	2,766	2,756	10	0%
Intangible	21	-	21	n/a
Buildings and improvements	415	459	(44)	-10%
Equipment	29	8	21	263%
Total	\$ 3,309	\$ 3,301	\$ 8	0%

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net assets or operating results in terms of past, present and future.

Requests for Information

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

TEMECULA PUBLIC CEMETERY DISTRICT

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

	General Fund	ACO Fund	Endowment Care Fund
ASSETS			
Cash and cash equivalents	\$ 999,099	\$ 2,930,154	\$ 535,106
Accrued receivables	20,056	194	6,990
Internal balances	(37,901)	-	37,901
Prepaid expenditures	4,307	-	-
Inventory	194,527	-	-
Investments	-	-	2,876,627
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
TOTAL ASSETS	\$ 1,180,088	\$ 2,930,348	\$ 3,456,624
LIABILITIES			
Deficit cash	\$ 394	\$ -	\$ -
Accrued payables	16,157	-	-
Long-term liabilities, non-current	-	-	-
Total Liabilities	16,551	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	198,834	-	2,631,519
Assigned	-	2,930,348	825,105
Unassigned	964,703	-	-
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	1,163,537	2,930,348	3,456,624
TOTAL LIABILITIES AND FUND BALANCE / NET POSITION	\$ 1,180,088	\$ 2,930,348	\$ 3,456,624

The accompanying notes are an integral part of these financial statements

Total		
Governmental Funds	Adjustments (Note 2-A.)	Statement of Net Position
\$ 4,464,359	\$ -	\$ 4,464,359
27,240	16,000	43,240
-	-	-
4,307	-	4,307
194,527	-	194,527
2,876,627	-	2,876,627
-	2,844,421	2,844,421
-	464,938	464,938
<u>\$ 7,567,060</u>	<u>\$ 3,325,359</u>	<u>\$ 10,892,419</u>
\$ 394	\$ -	\$ 394
16,157	-	16,157
-	57,451	57,451
<u>16,551</u>	<u>57,451</u>	<u>74,002</u>
2,830,353	(2,830,353)	-
3,755,453	(3,755,453)	-
964,703	(964,703)	-
-	3,309,359	3,309,359
-	2,631,519	2,631,519
-	4,877,539	4,877,539
<u>7,550,509</u>	<u>3,267,908</u>	<u>10,818,417</u>
<u>\$ 7,567,060</u>	<u>\$ 3,325,359</u>	<u>\$ 10,892,419</u>

TEMECULA PUBLIC CEMETERY DISTRICT

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

	General Fund	ACO Fund	Endowment Care Fund
REVENUE			
Program Revenue:			
Charges for services	\$ 207,852	\$ -	\$ 180,554
Property taxes, general purpose	788,484	-	-
Grants and contributions not restricted to specific programs	6,228	-	-
Revenue from use of money	220	10,799	14,449
Total Revenue	1,002,784	10,799	195,003
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	230,822	-	-
Benefits	107,299	-	-
Supplies	37,756	-	-
Services	121,509	-	-
Depreciation	-	-	-
Capital Outlay	35,465	-	-
Total Expenditures / Expenses	532,851	-	-
Excess (Deficiency) of Revenue over Expenditures/Expenses	469,933	10,799	195,003
OTHER FINANCING SOURCES/USES			
Transfers - internal activity	(1,044,817)	1,044,817	-
Sale of capital asset	5,230	-	-
Total Financing Sources/Uses	(1,039,587)	1,044,817	-
NET CHANGE IN FUND BALANCE / NET POSITION	(569,654)	1,055,616	195,003
Fund Balance / Net Position - Beginning	1,733,191	1,874,732	3,261,621
Fund Balance / Net Position - Ending	\$ 1,163,537	\$ 2,930,348	\$ 3,456,624

The accompanying notes are an integral part of these financial statements

Total		
Governmental Funds	Adjustments (Note 2-B.)	Statement of Activities
\$ 388,406	\$ -	\$ 388,406
788,484	6,000	794,484
6,228	-	6,228
25,468	-	25,468
<u>1,208,586</u>	<u>6,000</u>	<u>1,214,586</u>
230,822	3,451	234,273
107,299	4,000	111,299
37,756	-	37,756
121,509	-	121,509
-	48,942	48,942
35,465	(35,465)	-
<u>532,851</u>	<u>20,928</u>	<u>553,779</u>
675,735	(14,928)	660,807
-	-	-
5,230	-	5,230
<u>5,230</u>	<u>-</u>	<u>5,230</u>
680,965	(14,928)	666,037
6,869,544	3,282,836	10,152,380
<u>\$ 7,550,509</u>	<u>\$ 3,267,908</u>	<u>\$ 10,818,417</u>

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Description of the Financial Statements

The accompanying financial statements of the Sample Client have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), as prescribed by the Governmental Accounting Standards Board (“GASB”). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

California Government Code §53891(b) requires the State Controller to prescribe uniform accounting procedures for Special Districts. Pursuant to this code section, the *Special District Uniform Accounting and Reporting Procedures* (“SPD”) manual provides uniform accounting and reporting procedures that conform to GAAP. Guidance for specific account structure (e.g., account numbers, names, etc.) is left to the discretion of the District as long as the statutory reporting requirements (e.g., Financial Transactions Reports, Apportionments) of the State Controller’s Office (“SCO”) and the requirements within this manual are sufficiently met and satisfied.

1 - B. Financial Reporting Entity

The accompanying financial statements present the activities of the Temecula Public Cemetery District (“the District”). The District is a public cemetery was formed on June 27, 1927 in the County of Riverside, under Health and Safety Code § 9010.

The District's financial operation is governed by a Board of Trustees consisting of five members, including the chair who is selected by the Board. The members of the Board are appointed by the Riverside County Board of Supervisors to serve for a term of four (4) years.

The accounting and reporting policies of the District are pursuant to Government Code § 53891, the provisions of this accounting system are prescribed for all districts engaged in activities other than recognized enterprise activities. The purpose of the accounts and procedures is to furnish a common accounting and reporting framework which is flexible enough to prepare financial statements in accordance with generally accepted accounting principles and prepare the Annual Report of Financial Transactions for Special Districts as required by the State Controller's Office.

1 - C. Other Related Entities

Joint Powers Authority (“JPA”). The District is associated with one JPA, the Special District Risk Management Authority (“SDRMA”). This organization does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 11 to the financial statements.

1 - D. 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 fees, fines, and charges paid by the recipients of goods or services offered by the cemetery. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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 statement, 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.

Accumulated Capital Outlay (“ACO”) Fund. To account for financial resources to be used for the acquisition or construction of major capital facilities.

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.

1 - E. Basis of Accounting – Measurement Focus

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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 - F. 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.

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

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.

Inventories and Prepaid Items. Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Accrued Receivables. All trade and property tax receivables are shown as 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.

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 \$2,500. 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 and improvements	10 – 50
Equipment	5 – 20

Accrued Liabilities. All payables and accrued liabilities are 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. Bonds, capital leases, and long-term loans (such as any may occur) are recognized as liabilities in the governmental fund financial statements when due.

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, committees (such as budget or finance), or officials to which the Board has delegated authority.

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

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

1 - G. 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

Jul. 1	Beginning of the fiscal year and delinquent Secured property taxes DEFAULT and begin accruing additional penalties of 1 ½% per month and a redemption fee.
Jul.	Treasurer-Tax Collector mails out Unsecured property tax bills.
Aug./Sep.	Treasurer-Tax Collector mails out Prior Year Secured property tax bills.
Aug. 31	Unsecured property tax delinquent date. A 10% penalty is added after 5:00 p.m.
Oct.	Treasurer-Tax Collector mails out Current Year Secured property tax bills.
Nov. 1	First installment is due (Current Secured property tax) and delinquent Current Year Unsecured taxes begin accruing additional penalties of 1½% per month.
Dec.10	First installment payment delinquent date (Current Secured property tax). A 10% penalty is added after 5:00 p.m.
Jan. 1	Lien date for the establishment of ownership, value and unsecured taxes for the ensuing fiscal year.
Feb. 1	Second installment is due (Current Secured property tax).
Apr. 10	Second installment payment delinquent date (Current Secured property tax). A 10% penalty and cost is added after 5:00 p.m.
May	Treasurer-Tax Collector mails delinquent notices for any unpaid, Current Year Secured property taxes.
Jun. 30	End of fiscal year.

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 General Fund and government-wide financial statements. For governmental funds, the entire 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.

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.

TEMECULA 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 \$ 7,550,509

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: \$	3,905,136		
	Accumulated depreciation:	(595,777)		3,309,359
		<hr/>		

Deferred recognition of earned but unavailable revenues:

In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred in governmental funds, but are recognized in the government-wide statements, is:

16,000

Long-term liabilities:

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 OPEB Obligation	46,000		
	Compensated absences payable	11,451		(57,451)
		<hr/>		

Total Net Position - Governmental Activities: \$ 10,818,417

TEMECULA 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 \$ 680,965

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: \$	35,465	
Depreciation expense:	(48,942)	(13,477)

Earned but unavailable revenues:

In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of earned but unavailable revenues relating to the current period, less revenues that became available in the current period but related to a prior period, is:

6,000

Postemployment benefits other than pensions ("OPEB"):

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

(4,000)

Change in Net Position of Governmental Activities: **\$ 666,037**

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 3– DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental Activities
Deposits in financial institutions	\$ 167,230
Cash in county	3,882,745
Money market/Mutual funds	414,384
Total Cash and Cash Equivalents	\$ 4,464,359
<u>Investments</u>	<u>\$ 2,876,627</u>

3 - B. Cash Deposits

Credit Risk. As of June 30, 2021, the District’s Cash in County pool (as maintained by the Riverside County Treasurer) was rated Aaa-bf by Moody’s Investor Service and AA Af/S1 by Fitch Ratings.

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 bank balances totaled \$203,376, all of which was insured through the FDIC.

3 - C. Authorized Investments

The District is governed by the Health and Safety Code §9066 and Government Code, §§ 53600, 16429.1 and 53684, et seq.

The District's Investment Policy specifically **prohibits** the investment of any funds subject to this policy in the following securities:

Derivative securities, as defined in Government Code §53601.6, as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, and mortgage derived interest or principal only strips.

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

District Investment Policy further restricts the permitted investments to those listed below:

Investment Type	Maximum Remaining Maturity	Maximum Specified % of Portfolio	Minimum Quality Requirements	Government Code Sections
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations: CA and Others	5 years	None	None	53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%	None	53601(g)
Commercial Paper: Non-Pooled Funds	270 days or less	25% of the agency's money	Highest letter & number rating by an NRSRO	53601(h)(2)(C)
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	Highest letter & number rating by an NRSRO	53635(a)(1)
Negotiable Certificates of Deposits	5 years	30%	None	53601(i)
Non-negotiable Certificates of Deposits	5 years	None	None	53630 et. seq.
Placement Service Deposits	5 years	30%	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	30%	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements Securities Lending Agreements	92 days	20% of the base value of the portfolio	None	53601(j)
Medium-term Notes	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds & Money Market Mutual Funds	N/A	20%	Multiple	53601(l) and 53601(b)
Collateralized Bank Deposits	5 years	None	None	53630 et. seq and 53601(n)
Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund	N/A	None	None	16340
Supranational Obligations	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2021

3 - D. Investments

Portfolio	Moody's Ratings	Percent	Fair Value		Maturities in years		
			Level	Fair Value	< 1	1 - 5	5+
Cash in county	AAA-bf	54%	2	\$ 3,882,745	\$ 3,882,745	\$ -	\$ -
Money market/ Mutual funds	NA	6%	1	414,384	414,384	-	-
Cash equivalents				4,297,129	4,297,129	-	-
U.S. Agency	Aaa	6%	1	397,011	137,766	259,245	-
Corporate debt securities ¹	Aaa - Baa3	12%	1	864,353	220,936	643,417	-
Municipal bonds	A1 - Aa3	13%	1	927,443	-	927,443	-
CDs	FDIC	10%	1	687,820	227,735	416,585	43,500
Investments				2,876,627	586,437	2,246,690	43,500
Total Portfolio		100%		\$ 7,173,756	\$ 4,883,566	\$ 2,246,690	\$ 43,500

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2021, \$2,940,795 of the underlying securities are held by the investment's counterparty. There is a risk that, in the event of a counterparty failure, the District's investments may not be returned. Of the total counterparty balance, \$500,000 was insured through the Securities Investor Protection Corporation ("SIPC"). The remaining \$2,440,795 was collateralized with pooled securities held by the financial institution's trust departments. These securities are held in the name of the financial institution and not that of the District.

¹ At June 30, 2021, the District was not in compliance with one of the provisions of the investment policy guidelines. The guidelines require, at a minimum, ratings of "A" equivalent or better for corporate debt obligations. The District had \$105,517 of investments rated below "A."

NOTE 4- ACCRUED RECEIVABLES

Receivables at June 30, 2021, were as follows (all of which are fully collectible):

					Total
	General Fund	Capital Projects Fund	Endowment Care Fund	Entity-Wide	Governmental Activities
Taxes	\$ 20,000	\$ -	\$ -	\$ 16,000	\$ 36,000
Interest	56	194	6,990	-	7,240
Other receivable	-	-	-	-	-
Total Accrued Receivables	\$ 20,056	\$ 194	\$ 6,990	\$ 16,000	\$ 43,240

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2021

NOTE 5– CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021:

	Balance			Balance
	July 01, 2020	Additions	Deletions	June 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 77,561	\$ -	\$ -	\$ 77,561
Construction in progress	2,755,652	11,208	-	2,766,860
Total Capital Assets Not Being Depreciated				
	\$ 2,833,213	\$ 11,208	\$ -	\$ 2,844,421
Capital Assets Being Depreciated				
Intangible assets	\$ 24,470	\$ -	\$ -	\$ 24,470
Buildings and improvements	847,923	-	-	847,923
Equipment	177,965	24,257	13,900	188,322
Total assets being depreciated	1,050,358	24,257	13,900	1,060,715
Less Accumulated Depreciation				
Intangible assets	1,631	1,631	-	3,262
Buildings and improvements	388,846	44,498	-	433,344
Equipment	170,258	2,813	13,900	159,171
Total accumulated depreciation	560,735	48,942	13,900	595,777
Total Capital Assets Being Depreciated, Net				
	\$ 489,623	\$ (24,685)	\$ -	\$ 464,938

NOTE 6 – INTERFUND ACTIVITY

As of June 30, 2021, the General Fund owes \$37,901 to the Endowment Care Fund, for cash not yet remitted to the Endowment Care principal account.

The General Fund transferred to the ACO Fund a combination of prior year sales collections, in the amount of \$1,000,000, as well as, a write-off of a prior year capital purchase in the amount of \$44,817.

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 7 – ACCRUED PAYABLES

Payables at June 30, 2021, were as follows:

	<u>General Fund</u>
Vendors	\$ 3,818
Payroll	10,004
Vacation balance	3,817
Total Accrued Payables	\$ 17,639

NOTE 8 – POSTEMPLOYMENT HEALTHCARE PLAN (“OPEB”)

Plan Description. The District provides employees and retirees and their surviving family members the health benefits plan provided pursuant to the Public Employees' Medical And Hospital Care Act (“PEMHCA”), as set forth in Government Code §22750 – 22948. The plan is a single-employer, defined benefit OPEB plan administered by the District. Government Code §22777 provides that “health benefit plan” means any program or entity that provides, arranges, pays for, or reimburses the cost of health benefits for employees and retirees and their surviving family members with health benefits provided through the California Public Employee’s Pension System (“CalPERS”). **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.**

Benefits Provided. The plan provides healthcare benefits for retirees and their dependents. The benefit terms provide for payment of the statutory minimum, \$143 per month, per retiree as of June 30, 2021, of health insurance premiums for retirees.

Employees Covered by Benefit Terms. At June 30, 2021, there were NO retirees covered by the benefit terms, and seven active employees.

Total OPEB Liability. The District’s total OPEB liability of \$46,000 was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, which was measured as of June 30, 2021.

Measurement Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Inflation Rate: 4.50%, based on https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths
- Discount Rate: 2.18%, <https://my.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index>
- Turnover: CalPERS Terminated and Vested Rates, Miscellaneous
- Mortality: CalPERS Mortality Rate, Miscellaneous

The CalPERS Miscellaneous assumptions can be downloaded at:
<https://www.calpers.ca.gov/docs/public-agencies-schools-assumption-methods.xlsx>

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

Changes in the Total OPEB Liability

Balances at July 01, 2020	\$	42,000
Changes for the year:		
Service cost		3,000
Interest		1,000
Net changes		4,000
Balances at June 30, 2021	\$	46,000

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(1.18%)	(2.18%)	(3.18%)
District's proportionate share of the net OPEB liability	\$ 54,000	\$ 46,000	\$ 40,000

OPEB Expense. For the year ended June 30, 2021, the District recognized an OPEB expense of \$4,000.

NOTE 9– CalPERS 457 DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in the California Public Employees' Retirement System (“CalPERS”) 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for California public employees that elect to participate in the Program. This Program is established pursuant to §21670 through §21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457 of the Federal Internal Revenue Code. Eligible employees may defer receipt of a portion of their pay until termination, retirement, death or unforeseeable emergency. These funds are not reported as taxable income until paid to the employee for income tax purposes.

The Program was created under the administrative and investment control of the CalPERS Board, which requires the Board to act in the interest of Program participants. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants.

The District established a matching contribution program on behalf of each participating employee in the Program. The matching contribution for each participating employee is subject to a maximum of 5% for employees (General Manager matching contribution is 11%) of the employee's total cash compensation. The District's matching contribution was \$16,226 for the fiscal year ended June 30, 2021.

TEMECULA PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2021

NOTE 10 – FUND BALANCE

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

	General Fund	ACO Fund	Endowment Care Fund	Total Governmental Funds
Nonspendable				
Inventory	\$ 194,527	\$ -	\$ -	\$ 194,527
Prepaid expenditure	4,307	-	-	4,307
Endowment care corpus	-	-	2,631,519	2,631,519
Total Nonspendable	198,834	-	2,631,519	2,830,353
Assigned				
Capital projects	-	2,930,348	-	2,930,348
Endowment care earnings	-	-	825,105	825,105
Total Assigned	-	2,930,348	825,105	3,755,453
Unassigned	963,221	-	-	963,221
Total Fund Balances	\$ 1,162,055	\$ 2,930,348	\$ 3,456,624	\$ 7,549,027

NOTE 11 – PARTICIPATION IN A JOINT POWERS AUTHORITY

The District is a member of SDRMA, to provide liability and property insurance, as well as workers' compensation insurance. The relationship is such that the JPAs are not component units of the District for financial reporting purposes. This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from SDRMA.

During the year ended June 30, 2021, the District made payments of \$14,363 and \$14,733 for liability and property and workers' compensation coverages, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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TEMECULA PUBLIC CEMETERY DISTRICT

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive / (Negative)
REVENUE				
Program Revenue:				
Charges for services	\$ 148,800	\$ 148,800	\$ 207,852	\$ 59,052
Property taxes, general purpose	713,000	713,000	788,484	75,484
Grants and contributions not restricted to specific programs	7,000	7,000	6,228	(772)
Revenue from use of money	13,000	13,000	220	(12,780)
Total Revenue	881,800	881,800	1,002,784	120,984
EXPENDITURES				
Current:				
Salaries and wages	288,730	288,730	230,822	57,908
Benefits	124,650	124,650	107,299	17,351
Supplies and services	252,400	252,400	159,265	93,135
Capital Outlay	366,500	366,500	35,465	331,035
Total Expenditures	1,032,280	1,032,280	532,851	499,429
Excess (Deficiency) of Revenue over Expenditures	(150,480)	(150,480)	469,933	620,413
OTHER FINANCING SOURCES/USES				
Transfers - internal activity	-	-	(1,044,817)	(1,044,817)
Sale of capital asset	-	-	5,230	5,230
Total Financing Sources/Uses	-	-	(1,039,587)	(1,039,587)
NET CHANGE IN FUND BALANCE	(150,480)	(150,480)	(569,654)	(419,174)
Fund Balance - Beginning (Restated)	1,733,191	1,733,191	1,733,191	
Fund Balance - Ending	\$ 1,582,711	\$ 1,582,711	\$ 1,163,537	\$ (419,174)

TEMECULA PUBLIC CEMETERY DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Changes for the year:				
Service cost	\$ 3,000	\$ 4,000	\$ (16,000)	\$ 13,000
Interest	1,000	1,000	2,000	-
Net Changes in Total OPEB Liability	4,000	5,000	(14,000)	13,000
Total OPEB Liability - Beginning	42,000	37,000	51,000	38,000
Total OPEB Liability - Ending	\$ 46,000	\$ 42,000	\$ 37,000	\$ 51,000
Covered Payroll	\$ 231,000	\$ 259,000	\$ 254,000	\$ 216,000
Total OPEB liability as a percentage of covered payroll	20%	16%	15%	24%

AUDITOR COMMUNICATION WITH ENTITY

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COMMUNICATION WITH THE ENTITY

Management and Board of Directors
Temecula Public Cemetery District
Temecula, California

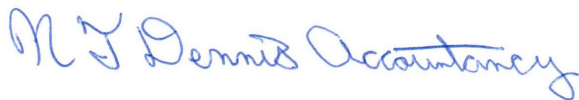
In planning and performing our audit of the basic financial statements of the Temecula Public Cemetery District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Temecula Public Cemetery District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Temecula Public Cemetery District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ❖ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ❖ *Probable.* The future event or events are likely to occur.

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

This communication is intended solely for the information and use of management and the board of directors; and is not intended to be and should not be used by anyone other than these specified parties.



September 24, 2021

RT DENNIS
ACCOUNTANCY