

**MADERA CEMETERY DISTRICT**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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# Hills, Renault, Homen & Hughes

ACCOUNTANCY CORPORATION

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Madera Cemetery District  
Madera, California 93637

### Report on the Financial Statements

We have audited the accompanying financial statements of the government activities of Madera Cemetery District (District), as of and for the year ended June 30, 2020, and the related statement of revenues, expenditures, and changes in net position, for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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.

### Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Madera Cemetery District as of June 30, 2020, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2021 on our consideration of the Madera Cemetery 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Hills, Renaut, Homen & Hughes  
Fresno, California  
July 20, 2021

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following management discussion and analysis of the Madera Cemetery District (District) provides an overview of the financial activities and transactions for the fiscal year 2019/2020. The discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

**STATEMENT OF NET ASSETS**

<b>ASSETS:</b>	<u>Governmental</u> <u>Activities</u>	<u>Fiduciary</u> <u>Activities</u>	<u>Totals</u>
Total assets	\$ <u>16,608,855</u>	\$ <u>4,353,876</u>	\$ <u>20,962,731</u>
<b>LIABILITIES AND NET ASSETS:</b>			
Total Liabilities	\$ <u>10,440,185</u>	\$ <u>0</u>	\$ <u>10,440,185</u>
<b>FUND EQUITY:</b>			
Invested in capital assets	\$ 1,395,938	\$ 0	\$ 1,395,938
Restricted for:			
Future acquisitions	1,250,000	0	1,250,000
Interment chapel	500,000	0	500,000
Equipment replacement	430,000	0	430,000
Estate area	140,000	0	140,000
Unfunded retiree health benefits	700,000	0	700,000
Endowment care	0	4,353,876	4,353,876
Unrestricted	<u>1,752,732</u>	<u>0</u>	<u>1,752,732</u>
Total Net Assets	\$ <u>6,168,670</u>	\$ <u>4,353,876</u>	\$ <u>10,522,546</u>
<b>REVENUES, EXPENSES AND CHANGES IN NET ASSETS:</b>			
Operating Revenue	\$ 3,109,821	\$ 147,007	\$ 3,256,828
Operating Expenses	<u>2,916,384</u>	<u>0</u>	<u>2,916,384</u>
Excess of revenues over/(under) expenditures	193,437	147,007	340,444
Fund balance - July 1, 2019	<u>5,975,233</u>	<u>4,206,869</u>	<u>10,182,102</u>
Fund balance - June 30, 2020	\$ <u>6,168,670</u>	\$ <u>4,353,876</u>	\$ <u>10,522,546</u>

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

***Brief explanation of our agency's function:***

The Madera Cemetery District is an Independent Special District of the State of California that operates five district cemeteries for the County of Madera. The locations are: Arbor Vitae and Calvary cemeteries in Madera, Oakhill Cemetery in Oakhurst, and North Fork Cemetery in North Fork and Raymond Cemetery in Raymond. With the purchase of property in the Oakhurst area there is an additional 11 acres for the constituents of Eastern Madera County. It is our intent to serve and respect the needs of the present and to anticipate and plan for the challenges of the future by offering:

- ◆ A wide range of burial and memorial options in a garden setting of maintained beauty.
- ◆ To provide professional memorial services in a caring and compassionate manner.
- ◆ To help families plan for their burials and the burials of loved ones with respect and sensitivity.
- ◆ It is our intent to maintain, improve, and historically preserve these grounds for the benefit of Madera County families, relatives and for the community.
- ◆ This will be accomplished with sound fiscal leadership from our Board of Trustees' and management.

***Operating Revenue:***

The majority of the revenue of the Madera Cemetery District is derived from a portion of Madera County property taxes. The property tax revenue had a \$85,503.75 increase this year due to building and real estate sales.

Revenues for all sales and service items increased this year by \$7,371.88. This increase is in the area of liners, vases, opening and closing marker settings, and burial costs. There was an increase in sales of liners and urns. The largest part of the positive revenue is the, opening & closing and liners.

Our Interest income this year is \$78,407.10, an increase of \$10,295.91 from last year. We did not have a transfer of Endowment Care this year. This is due to the fact that our Board of Trustee's decision to only use this fund for necessary cemetery maintenance. Donations were down this fiscal year due to Covid-19 and the Little Church being closed. *The Little Church on the Hill* Foundation Board had limited fund raisers. This church is a Historical Point of Interest on the Oakhill Cemetery grounds.

Our investment accounts include the pre-need contract sales. These funds cannot be used until there is the need for the family. It is held in trust until that time and when the contracts are used a quarterly transfer is put into the general fund. Our pre-need funds are solvent.

Our other investment account is the Endowment Care funds. These funds **cannot be** used. The principal will be held in trust and the interest from these funds will be used to always keep the cemeteries maintained. Our investing decisions are made by our Board of Trustees with recommendations from our financial advisor of Wells Fargo. In comparing our portfolio to the County Treasury, the return on investment with the County is measurably less than our investments with Stifel Investments. This was a good financial arrangement to move away from the County.

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

***Operating Expenses:***

The overall expenditures for maintenance for the year were \$163,363.00 more than the previous year. Operating expenses are mainly maintenance-related items for the five cemeteries, offices, grounds and equipment that we manage. Managers and staff salaries, benefits, and expenses associated with employment and a safe work environment will also be mentioned.

Our categories for cost of goods (maintenance of auto, maintenance of equipment & construction in progress) was slightly up. Keeping a responsible amount of inventory on these items assures us these goods will be available when needed. The need to improve is ongoing. Our equipment purchases vary from year to year depending on need, with the purchase of vehicles the cost of vehicle maintenance has been reduced. Vases and markers have increased due to the cost of bronze markers and implementing engraving on crypt and niches in all cemeteries. This year we had an increase of \$9,141.00 in our Liability and Workers Compensation.

Other professional services charges are up, due to additional Human Resource information needed.

Salaries increased due to advancement and percentage raises. We have developed a specialized group of employees, with training and hands on learning in irrigation, cement, building, and roofing. This past year we have had a few employees hit the 10 to 25 years of service. Each step represents a 3% to 5% increase in wages. Also, sick leave is capped at 480 hours per year and twenty-five percent of the balance is paid annually to these employees as per our policy. We have continued with limited temporary help during the summer months as well as throughout this year to offset hiring another employee full-time. During the summer we employ six temporary employees to cover the increased summer mowing and do not have to pay retirement, health benefits and other payroll taxes on these personnel.

Health insurance, dental and life for all employees had a \$14,604.00 decrease. This is due to the fluctuation of retiring and new employees and the yearly change in health costs.

CAL PERS retirement fees are based on an employee's salary which showed an increase. This again was due to long term employees and the category of Risk Pool that P.E.R.S. has implemented. This is a salary-based expense governed by our state actuarial which has increased due to the failed market three years prior. Any new employees now pay a percentage of their retirement. Salaries increased overall by 3.5%. Costs of employees continue to be the bulk of the budget.

Travel expenses have slightly increased. Due to the proactive roll the Board of Trustees, requirements and certificates needed for Trustees and Management are continually implemented. Two employees have been elected to Board positions with the California Association of Public Cemeteries and Public Cemetery Alliance that represent our District. This has been an asset in the fact of keeping Madera Cemetery District up on all legislation, laws and information.

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

***Operating Expenses (continued):***

The Property Tax Administration fee is higher. This amount is determined by the tax administration of Madera County.

P G & E had an increase of 29 % due to the rising costs of electricity and pump usage.

Safety training has increased and is an ongoing expense. We continue to make our safety program of the highest of standards that we can.

Gasoline used for our vehicles and machinery decreased due to the lower fuel prices.

The difference in purchases of small tools reflects what is needed for the year. It is management's decision to purchase what is needed. The budget for small tools had increased this year.

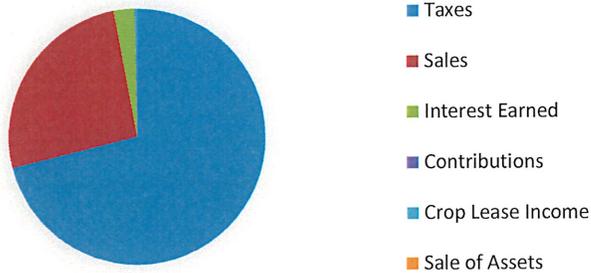
***General information:***

Madera Cemetery District continues to strive to serve the public in all areas of burial need. MCD burial counts continue to fluctuate from 450-500 per year. Cremations stay steady with a slight increase in the mountain cemeteries. As the need arises MCD has expanded, always looking to the future of Madera County.

If any questions or concerns about the above information are needed, please contact Belva Bare at the Madera Cemetery District main office - (559) 674-8826.

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

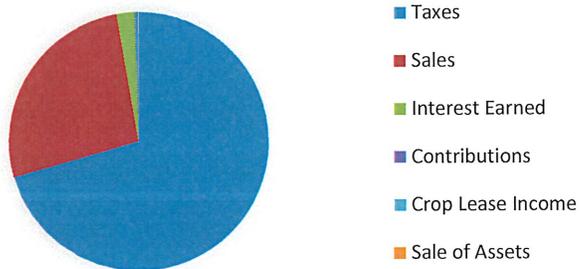
**Fiscal Year Ended June 30,  
2020 Revenues**



2020 Revenues - General Fund

Taxes	\$ 2,211,606
Sales	807,402
Interest Earned	81,671
Contributions	1,420
Crop Lease Income	7,722
Sale of Assets	-
	<u>\$ 3,109,821</u>

**Fiscal Year Ended June 30,  
2019 Revenues**

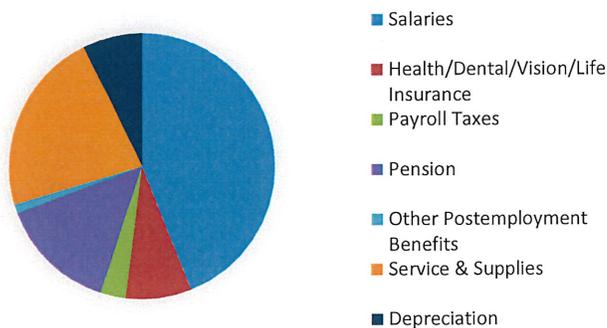


2019 Revenues - General Fund

Taxes	\$ 2,129,366
Sales	805,458
Interest Earned	68,111
Contributions	2,579
Crop Lease Income	8,000
Sale of Assets	3,432
	<u>\$ 3,016,946</u>

**MADERA CEMETERY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

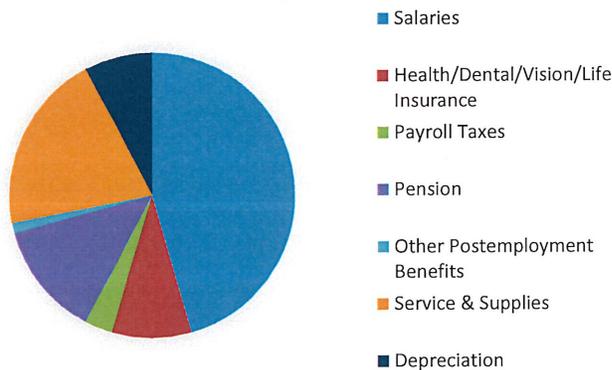
**Fiscal Year Ended June 30,  
2020 Expenditures**



2020 Expenditures - General Fund

Salaries	\$ 1,281,439
Health/Dental/Vision/Life Insurance	235,120
Payroll Taxes	91,352
Pension	413,347
Other Postemployment Benefits	33,000
Service & Supplies	649,459
Depreciation	212,667
	<u>\$ 2,916,384</u>

**Fiscal Year Ended June, 30  
2019 Expenditures**



2019 Expenditures - General Fund

Salaries	\$ 1,257,295
Health/Dental/Vision/Life Insurance	251,107
Payroll Taxes	86,870
Pension	358,756
Other Postemployment Benefits	33,000
Service & Supplies	560,781
Depreciation	212,999
	<u>\$ 2,760,808</u>

**MADERA CEMETERY DISTRICT  
COMBINED BALANCE SHEET -  
ALL FUND TYPES  
JUNE 30, 2020**

	Governmental <u>Activities</u> General Fund	Fiduciary <u>Activities</u> Endowment Care Fund	Totals
<b>ASSETS:</b>			
Imprest cash	\$ 761	\$ 1,764,297	\$ 1,765,058
Cash in District treasury	4,743,916	0	4,743,916
Cash in deferred payment account	5,385,853	0	5,385,853
Contracts receivable	785,920	0	785,920
Deferred outflows of resources	273,185	0	273,185
Investments	0	2,589,579	2,589,579
Property, plant and equipment - net of accumulated depreciation	<u>5,419,220</u>	<u>0</u>	<u>5,419,220</u>
 Total assets	 <u>\$ 16,608,855</u>	 <u>\$ 4,353,876</u>	 <u>\$ 20,962,731</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 41,705	\$ 0	\$ 41,705
Payroll and sales tax payable	3,211	0	3,211
Marker fund deposit	66,272	0	66,272
Unearned contract revenue	6,144,394	0	6,144,394
Compensated absences	164,921	0	164,921
Deferred inflows of resources	86,136	0	86,136
Other postemployment benefits (OPEB)	594,776	0	594,776
Net pension liability	<u>3,338,770</u>	<u>0</u>	<u>3,338,770</u>
 Total liabilities	 <u>10,440,185</u>	 <u>0</u>	 <u>10,440,185</u>
<b>FUND EQUITY:</b>			
Invested in capital assets	\$ 1,395,938	\$ 0	\$ 1,395,938
Restricted for;			
Future acquisitions	1,250,000	0	1,250,000
Interment chapel	500,000	0	500,000
Equipment replacement	430,000	0	430,000
Estate area	140,000	0	140,000
Other postemployment benefits	700,000	0	700,000
Endowment care	0	4,353,876	4,353,876
Unrestricted	<u>1,752,732</u>	<u>0</u>	<u>1,752,732</u>
 Total net assets	 <u>\$ 6,168,670</u>	 <u>\$ 4,353,876</u>	 <u>\$ 10,522,546</u>

The accompanying notes are an integral part of the financial statements.

**MADERA CEMETERY DISTRICT  
 COMBINED STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES ALL FUND TYPES  
 JUNE 30, 2020**

	Governmental <u>Activities</u> General Fund	Fiduciary <u>Activities</u> Endowment Care Fund	Totals
<b>REVENUES:</b>			
Taxes	\$ 2,211,606	\$ 0	\$ 2,211,606
Sales	807,402	0	807,402
Interest earned	81,671	69,117	150,788
Contributions	1,420	0	1,420
Crop lease income	7,722	0	7,722
Sale of securities	0	(5,026)	(5,026)
Sales & service endowment care transfer	0	82,916	82,916
Sale of assets	0	0	0
Total revenue	<u>3,109,821</u>	<u>147,007</u>	<u>3,256,828</u>
<b>EXPENDITURES:</b>			
Current:			
Salaries	1,281,439	0	1,281,439
Fringe benefits:			
Advisor fees	0	0	0
Health/Dental/Vision/Life insurance	235,120	0	235,120
Payroll taxes	91,352	0	91,352
Pension	413,347	0	413,347
Other postemployment benefits	33,000	0	33,000
Service and supplies	649,459	0	649,459
Depreciation	212,667	0	212,667
Total expenditures	<u>2,916,384</u>	<u>0</u>	<u>2,916,384</u>
Excess of revenues over/(under) expenditures	193,437	147,007	340,444
Fund balance - July 1, 2019	<u>5,975,233</u>	<u>4,206,869</u>	<u>10,182,102</u>
Fund balance - June 30, 2020	<u>\$ 6,168,670</u>	<u>\$ 4,353,876</u>	<u>\$ 10,522,546</u>

The accompanying notes are an integral part of the financial statements.

**MADERA CEMETERY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUND - BUDGET AND ACTUAL  
JUNE 30, 2020**

	<u>Budget</u>	<u>Actual on Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	\$ 2,211,606	\$ 2,211,606	\$ 0
Sales	803,194	807,402	4,208
Interest earned	60,564	81,671	21,107
Contribution	0	1,420	1,420
Crop lease income	8,000	7,722	(278)
Sale of Assets	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 Total revenues	 \$ 3,083,364	 \$ 3,109,821	 \$ 26,457
	<u><u>3,083,364</u></u>	<u><u>3,109,821</u></u>	<u><u>26,457</u></u>
<b>EXPENDITURES:</b>			
Salaries	\$ 1,278,657	1,277,731	\$ 926
Fringe benefits	858,367	739,820	118,547
Other postemployment benefits	33,000	33,000	0
Service and supplies	558,058	649,459	(91,401)
Capital assets	289,600	201,690	87,910
	<u>289,600</u>	<u>201,690</u>	<u>87,910</u>
 Total expenditures	 \$ 3,017,682	 \$ 2,901,700	 \$ 115,982
	<u><u>3,017,682</u></u>	<u><u>2,901,700</u></u>	<u><u>115,982</u></u>

The accompanying notes are an integral part of the financial statements.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Madera Cemetery District (the District) have been prepared in conformity with 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 establishing governmental accounting and financial reporting principles.

**Financial Reporting Entity**

The Madera Cemetery District was formed by resolution of the Madera District Board of Supervisors in 1944 to take over the maintenance and operations of cemeteries within its boundaries. Board vacancies are appointed by the Board of Supervisors, which does not exercise any other influence over the district.

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

**Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, each of which is a separate entity with its self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. Madera Cemetery District utilizes the following fund types in its activities.

*Governmental Fund* – The general fund is the general operating fund used to account for all resources and transactions except those required to be accounted for in another fund.

*Fiduciary Fund* – Fund used to account for assets held by a governmental unit in a trustee capacity.

**Basis of Accounting**

The modified accrual basis of accounting is followed in the governmental fund. Under this method, revenues are recorded when they become both measurable and available to finance current year expenditures. Expenditures are recorded during the year when paid and certain expenditures are accrued at year end. The governmental fund measurement focuses upon the determination of financial sources used, and balances of available spendable financial resources.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Estimates**

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

**Budgeting**

An operating budget is adopted each year for the General Fund on the same modified accrual basis including encumbrances to reflect estimated revenues and expenditures.

**Bad Debts**

The district utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided as no material write-offs are expected for receivables dated through June 30, 2020.

**Property, Plant and Equipment**

Property, plant and equipment for general governmental purposes are recorded as expenditures at the time of purchase and are accounted for in the general fixed assets account group at cost or estimated historical cost where costs were not available. Donated assets are recorded at their fair market value at the time of receipt. Depreciation expense for the year is \$212,667.

The District capitalizes equipment which costs at least \$500 and has an estimated useful life of at least three years. Structures and improvements of \$1,000 and over are capitalized.

Estimated useful lives are as follows: Equipment 3-10 years; Improvement other than buildings 15-20 years; Buildings 40 years; and Roads 50 years. All assets are depreciated over the straight-line method.

**2. CASH AND INVESTMENTS:**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution.

All cash is deposited in the treasury of the County of Madera, which pools the District's funds with other county funds for deposit with financial institutions and investment in various securities.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. CASH AND INVESTMENTS (CONTINUED):**

The District has authorized staff to deposit cash with the Madera County Treasurer in a series of pooled amounts with cash from various other governmental entities within the County, for investment purposes. The County's investment policies are governed by State statutes. In addition, the County has an investment committee, which prescribes written investment policies regarding the type of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. The fair value of the account at June 30, 2020 was provided by the County Treasurer.

The district's investments are stated at cost, which approximates market. GASB 31 requires reporting investments of governmental entities at fair market value. The difference between cost and fair market value of the District's investment at June 30, 2020 is immaterial and management has elected not to record the District's investments at June 30, 2020 at fair market value and not to recognize the unrealized gain as income in these financial statements.

Following is a recap of the District's cash and investments:

<u>Institution</u>	<u>Bank Balance</u>	<u>Book Value</u>	<u>Institution Variance</u>	<u>Explanation</u>	<u>Operating</u>	<u>Pre-need</u>	<u>Endowment</u>
Bank of America - checking	\$ 76,616	\$ 16,333	\$ 60,283	outstanding checks	\$ 16,333	\$ 0	\$ 0
United Security Bank - checking (Little Church on the Hill)	7,617	7,617	0		7,617	0	0
County of Madera Treasurer	4,875,448	4,743,916	131,532	deposits in transit and outstanding checks	4,743,916	0	0
County of Madera Treasurer	1,741,852	1,741,852	0		0	0	1,741,852
County of Madera Treasurer	1,256,189	1,255,806	383		0	1,255,806	0
Stifel (Endowment Care)	2,612,024	2,612,024	0		0	0	2,612,024
Stifel (Pre-need)	4,106,096	4,106,096	0		0	4,106,096	0
	<u>\$ 14,675,842</u>	<u>\$ 14,483,644</u>	<u>\$ 192,198</u>		<u>\$ 4,767,866</u>	<u>\$ 5,361,902</u>	<u>\$ 4,353,876</u>

**MADERA CEMETERY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**2. CASH AND INVESTMENTS (CONTINUED):**

At June 30, 2020, the endowment care and pre-need investment portfolio is carried at \$6,718,120. The portfolio consists of money market cash funds, obligations of the U.S. Treasury, U.S. agencies, municipal securities, time certificates of deposits and corporate bonds. The California Health and Safety Code (pertaining to the operations of public cemeteries) authorizes such investments.

**3. PRE-NEEDED CONTRACTS:**

Since 1983, the District has made pre-need (in advance) sales and services on a contractual basis. Payments can be made over a 36-month period. Purchases are not made, and services not performed until sufficient cash is received. Plot purchases, endowment care and non-resident fees are recognized after funds are received to complete the sale. Other revenue is recognized only after the District has made the purchases and completed the services as required on a contract basis. Interest revenue on these funds is being deferred in order to offset any increase in cost of services. Revenues are recognized at contract prices for plot purchases, endowment care and non-resident fees and at current prices for labor pertaining to opening and closing services.

**4. COMPENSATED ABSENCES:**

The following is a schedule of the District's obligation relating to employees' rights to receive compensation for future absences which is attributable to services already rendered at June 30, 2020.

Compensation time	\$ 21,824
Vacation	95,296
Sick leave	<u>47,801</u>
	<u>\$ 164,921</u>

**5. PENSION PLAN OBLIGATIONS:**

*Plan Description*

The District contributes to the California Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit plan that acts as a common investment and administrative agent for participating public entities within the State of California.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**5. PENSION PLAN OBLIGATIONS (CONTINUED):**

All full-time District employees participate in PERS. Benefits vest after five years of service. District employees who retire at or after the age of fifty-five years are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent per year of employment, of their one-year final compensation of employment. The District, through PERS, also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and action of the District's Board of Trustees.

District employees are required to contribute seven percent of their annual salary to PERS. As part of the Employee's benefit package, the District makes the required contribution on behalf of the employees. The District is also required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis adopted by the PERS Board of Administration.

For each of the fiscal years shown below, the District has contributed at the actuarially determined rate provided by PERS' actuaries.

Nine -Year Trend Information

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Net Percentage Contributed</u>	<u>Pension Obligation</u>
6/30/2012	22.606%	206,005	100%	-0-
6/30/2013	22.204%	193,488	100%	-0-
6/30/2014	22.686%	207,488	100%	-0-
6/30/2015	23.373%	226,367	100%	-0-
6/30/2016	15.512%	267,642	100%	-0-
6/30/2017	15.880%	294,276	100%	-0-
6/30/2018	15.921%	320,047	100%	-0-
6/30/2019	16.400%	358,756	100%	-0-
6/30/2020	17.600%	413,347	100%	-0-

The Plan is part of the Miscellaneous 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 68, an employer should recognize annual pension expenditures equal to its contractually required contributions to the Plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July1, 2019 to June 30, 2020 has been determined by an actuarial valuation of the Plan as of June 30, 2018.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**5. PENSION PLAN OBLIGATIONS (CONTINUED):**

A summary of assumptions and methods used to determine the contractually required contributions is shown below.

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.00 % (net of administrative expenses)
Projected Salary Increase	Depending on Age, Service, and type of employment
Inflation	2.50%

As of July 1, 2019, the most recent actuarial valuation date, the funding status of the plan was as follows:

Present Value of Projected Benefits	12,491,335
Entry Age Normal Liability	11,345,190
Plan's Market Value of Assets	8,007,783
Unfunded Accrued Liability	3,337,407
Funded Ratio	70.6%
Covered Payroll	1,130,878
Unfunded Accrued Liability as a percentage of Covered Payroll	295.12%

Pension expense and Deferred Inflows and Outflows of Resources:

For the fiscal year ended June 30, 2020, the District recognized pension expenses of \$219,611. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to the pension from the following sources:

Inflows:	
Difference between projected and expected experience	\$ 39,811
Difference between expected and actual earnings	23,948
Outflow:	
Changes in plan assumptions	<u>(295,551)</u>
Net outflow	\$ <u>(231,792)</u>

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. FIXED ASSETS:**

**General Fixed Assets**

A summary of changes in general fixed assets for the year ended June 30, 2020 is as follows:

	<u>Balances at July 1, 2019</u>	<u>Current Year Additions</u>	<u>Deletions &amp; Transfers</u>	<u>Balance at June 30, 2020</u>
Land	\$2,013,184	\$ 0	\$ 0	\$ 2,013,184
Structures & improvements	5,509,121	88,249	0	5,597,370
Equipment	<u>1,813,267</u>	<u>113,441</u>	<u>0</u>	<u>1,926,708</u>
Total	<u>9,335,572</u>	<u>201,690</u>	<u>0</u>	<u>9,537,262</u>
Less accumulated depreciation for:				
Structures and improvements	2,571,288	156,013	0	2,727,301
Equipment	<u>1,334,087</u>	<u>56,654</u>	<u>0</u>	<u>1,390,741</u>
Total accumulated depreciation	<u>3,905,375</u>	<u>212,667</u>	<u>0</u>	<u>4,118,042</u>
Total capital assets, net	<u>\$5,430,197</u>	<u>\$ (10,977)</u>	<u>\$ 0</u>	<u>\$ 5,419,220</u>

**7. CONTINGENCIES:**

**Litigation**

As of June 30, 2020, the District had no pending legal proceedings.

**CORONAVIROUS (COVID-19)**

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13<sup>th</sup>, the President of the United States declared a national emergency relating to the disease. In addition, state and local authorities have recommended social distancing and imposed quarantine and isolation measures on large portions of the population, including mandatory business closures for non-essential workers. The District worked remotely when required. However, due to the nature of their services, operations did not cease significantly and there was no significant financial effect.

**MADERA CEMETERY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB):**

1. Description:

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. The District recognizes the cost of post-employment healthcare in the year when the employee services are received, reports that accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows.

Under California state law, the District is required to offer a continuation of health insurance coverage to retirees at the same premium that is charged by the insurance carrier with respect to active employees. For the purpose of the actuarial valuation, future retirees were assumed to contribute an amount equal to the actual premiums for health insurance that are charged by the carrier and the actuary assumed that there will be no other post-employment benefits provided. The plan, which is a single employer plan, is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report.

2. Annual OPEB cost and net OPEB obligation:

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual contribution of the employer (ARC). The District has engaged an actuary to calculate the ARC related information using the alternative measurement period permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

3. Actuarial Methods and Assumptions:

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified?

Salary increases	3.0 %
Medical cost trend rate	Pre-Medicare: 5.9% for 2019 grading down by 0.1% per year to 5% for 2028 Post-Medicare: 4.0%
Dental, vision and other cost trend rate	n/a
Employer cap adjustment	0.0%
Age adjustment factor	4.0%
Percent married	50%
Assumed retirement age	65

**MADERA CEMETERY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):**

3. Actuarial Methods and Assumptions (continued):

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Termination rates were based on the Crocker-Sarason T5 table, without adjustment.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments – to the extent the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b. A yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information.

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long Term Expected Return on Plan Assets</u>	<u>Fidelity General Obligations AA-20 Years Index</u>	<u>Discount Rate</u>
June 30, 2019	June 30, 2018	4.00%	3.13%	3.13%

4. Funded Status and Funding Progress:

The Madera Cemetery District has an Accrued Liability (AL) of \$594,776. Because the Madera Cemetery District does not have an irrevocable trust for the pre-funding of retiree benefits, the Unfunded Accrued Liability (UAL) is also \$594,776.

The projection of the future benefit payments for this plan involves estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):**

4. Funded Status and Funding Progress (continued):

The following table shows the components of the District's annual OPEB cost of the year, the amount actually contributed to the plan, and the District's new OPEB obligation at June 30, 2020:

Annual required contribution	\$	0
Service Cost		18,730
Interest Cost		19,058
Deferred Outflows, net		(16,531)
Contributions made		<u>(33,000)</u>
Increase in net OPEB obligation		(11,743)
Net OPEB obligation, July 1, 2018		<u>606,519</u>
Net OPEB obligation, June 30, 2019	\$	<u><u>594,776</u></u>

5. OPEB Expense and Deferred Inflows and Outflows of Resources:

For the fiscal year ended June 30, 2020, the District recognized OPEB expenses of \$4,788. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related OPEB from the following sources:

Inflow:		
Difference between projected and expected experience	\$	47,480
Outflow:		
Changes in plan provisions		<u>(64,011)</u>
Net outflow	\$	<u><u>(16,531)</u></u>

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):**

6. Annual OPEB Costs and Net OPEB Obligation (Asset):

For fiscal year 2019-2020, the District’s annual OPEB cost (expenses) was \$0. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB obligation for the past six years is presented below:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Pension Obligation</u>
June 30, 2014	\$ 83,671	\$ 36,300	43.38%	\$ 289,404
June 30, 2015	\$ 83,671	\$ 33,000	39.44%	\$ 340,075
June 30, 2016	\$ 83,671	\$ 33,000	39.44%	\$ 390,746
June 30, 2017	\$ 101,155	\$ 33,000	32.26%	\$ 574,028
June 30, 2018	\$ 32,491	\$ 33,000	101.57%	\$ 573,519
June 30, 2019	\$ 0	\$ 33,000	100%	\$ 606,519
*June 30, 2020	\$ 0	\$ 33,000	100%	\$ 594,776

\* Updated Actuarial Valuation as of July 1, 2019.

**9. INVESTMENTS:**

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 assets. Level 1 inputs are those quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

**MADERA CEMETERY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**9. INVESTMENTS (CONTINUED):**

The District has the following recurring measurements as of June 30, 2020 for total investments of \$2,384,579 which are valued using matrix pricing (Level 2).

<u>Investments by Fair Market Value</u>	<u>June 30, 2020</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Observable Inputs Level 2</u>	<u>Significant Other Unobservable Inputs Level 3</u>
Primary Government Investments:				
U.S. Treasury notes	\$ 155,562	\$ 0	\$ 155,562	\$ 0
Federal Agency	174,612	0	174,612	0
Corporate notes	1,410,161	0	1,410,161	0
Municipal bonds	<u>644,244</u>	<u>0</u>	<u>644,244</u>	<u>0</u>
	<u>2,384,579</u>	<u>\$ 0</u>	<u>\$ 2,384,579</u>	<u>\$ 0</u>
Items not in Leveling Table:				
CD's	<u>205,000</u>			
	<u>\$ 2,589,579</u>			

# Hills, Renault, Homen & Hughes

ACCOUNTANCY CORPORATION

7040 NORTH MARKS, SUITE 111 / FRESNO, CA 93711 / FAX (559) 447-4515 / (559) 447-4500

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

Board of Trustees  
Madera Cemetery District  
Madera, CA 93637

We have audited the financial statements of the Madera Cemetery District, as of, and for the year ended June 30, 2020, and have issued our report thereon dated July 20, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Madera Cemetery District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination or significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Trustees, management, federal and state awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specific parties.



Hills, Renaut, Homen & Hughes  
Fresno, California  
July 20, 2021