

ESCALON CEMETERY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Escalon Cemetery District
Escalon, California

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Escalon Cemetery District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary information on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Schwartz, Giannini, Santberger & Adamson

Stockton, California
January 5, 2024

ESCALON CEMETERY DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 647,125
Restricted cash - endowment	937,232
Prepaid expenses	7,028
Capital assets:	
Nondepreciable	19,190
Depreciable, net	<u>66,657</u>
Total assets	<u>1,677,232</u>
LIABILITIES	
Accounts payable	13,879
Due to County	104,534
Accrued liabilities	5,799
Unearned revenue	<u>174,200</u>
Total liabilities	<u>298,412</u>
NET POSITION	
Net investment in capital assets	85,847
Restricted for:	
Restricted for perpetual care	918,846
Restricted for capital outlay	371,519
Unrestricted	<u>2,608</u>
Total net position	<u><u>\$ 1,378,820</u></u>

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions / Programs	Program Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Cemetery	\$ 297,510	\$ 371,155	\$ -	\$ -	\$ 73,645
Total governmental activities	\$ 297,510	\$ 371,155	\$ -	\$ -	73,645
General revenues:					
					65,210
					19,666
					84,876
					158,521
					1,220,299
					\$ 1,378,820

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

	General Fund	Endowment Fund	Capital Outlay Fund	Totals
ASSETS				
Cash and investments	\$ 275,606	\$ -	\$ 371,519	\$ 647,125
Restricted cash - endowment	-	937,232	-	937,232
Due from other funds	18,386	-	-	18,386
Prepaid expenses	7,028	-	-	7,028
 Total assets	 <u>301,020</u>	 <u>937,232</u>	 <u>371,519</u>	 <u>1,609,771</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to county	104,534	-	-	104,534
Due to general fund	-	18,386	-	18,386
Accounts payable	13,879	-	-	13,879
Accrued liabilities	5,799	-	-	5,799
Deferred revenue	174,200	-	-	174,200
 Total liabilities	 <u>298,412</u>	 <u>18,386</u>	 <u>-</u>	 <u>316,798</u>
 Fund Balances:				
Nonspendable:				
Perpetual care	-	918,846	-	918,846
Restricted:				
Capital outlay	-	-	371,519	371,519
Unassigned	2,608	-	-	2,608
 Total fund balances	 <u>2,608</u>	 <u>918,846</u>	 <u>371,519</u>	 <u>1,292,973</u>
 Total liabilities and fund balances	 <u>\$ 301,020</u>	 <u>\$ 937,232</u>	 <u>\$ 371,519</u>	 <u>\$ 1,609,771</u>

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 1,292,973

Amounts reported for governmental activities in the Statement of Net Position
are different because:

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 at historical cost	739,481
Less: accumulated depreciation	<u>(653,634)</u>

85,847

Total Net Position - Governmental Activities \$ 1,378,820

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Endowment Fund	Capital Outlay Fund	Totals
Revenues:				
Property taxes	\$ 65,210	\$ -	\$ -	\$ 65,210
Investment income	1,945	14,872	5,942	22,759
Cemetery sales and fees	299,975	54,900	16,280	371,155
Total revenues	<u>367,130</u>	<u>69,772</u>	<u>22,222</u>	<u>459,124</u>
Expenditures:				
Salaries and employee benefits	161,407	-	-	161,407
Services and supplies	102,970	-	-	102,970
Interest	3,093	-	-	3,093
Total expenditures	<u>267,470</u>	<u>-</u>	<u>-</u>	<u>267,470</u>
Excess of revenues over expenditures	99,660	69,772	22,222	191,654
Other Financing Sources (Uses):				
Operating transfers in	-	-	1,150	1,150
Operating transfers out	(1,150)	-	-	(1,150)
Excess of revenues and other sources over expenditures and other uses	98,510	69,772	23,372	191,654
Fund balances, beginning	<u>(112,149)</u>	<u>864,721</u>	<u>348,747</u>	<u>1,101,319</u>
Fund balances, ending	<u>\$ (13,639)</u>	<u>\$ 934,493</u>	<u>\$ 372,119</u>	<u>\$ 1,292,973</u>

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balances - Governmental Funds \$ 191,654

Amounts reported for governmental activities in the Statement of
Activities are different because:

Capital assets are reported in governmental funds as expenditures.
However, in the Statement of Activities, the cost of those assets
is allocated over the estimated useful lives as depreciation
expense. This is depreciation expense in the period.

(33,133)

Changes in Net Position - Governmental Activities \$ 158,521

See accompanying notes to basic financial statements.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1. ORGANIZATION

The Escalon Cemetery District (the “District”) is an independent division of local government authorized by California Health and Safety Code Section 9000 et seq. The District is governed by a three-member Board of Trustees appointed to serve four-year terms.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the Escalon Cemetery District. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Government activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Presentation

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenue – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 measureable and become available. "Available" means 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 collectible within the current period or within 60 days after fiscal year end.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenues:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized in three major funds as follows:

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund includes activities resulting from customers purchasing services on a pre-need basis.

The Endowment Fund was created to account for collections of endowment principal on a per sale basis. The principal is non-expendable and the interest earned is transferred to the general fund and used for maintenance and operations of the District.

The Capital Outlay Fund was created to account for capital outlays including expenditures for the acquisition of fixed assets, site improvements, building, and land.

Budgets and Budgetary Accounting

The annual budget is approved by the Board of Trustees. Formal budgetary procedures are not maintained by the District. The Board votes on any budget changes that are to be made during the fiscal year and the information is sent to the County on a Budget Adjustment form. The monthly print out from the County tracks the budgeted amounts realized, unrealized, and historical. The District only prepares budgets for the General Fund.

Investments

Investments are stated at fair value.

Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period incurred.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

Assessments Receivable

Assessments are collected and remitted to the County Tax Collector. The County Tax Collector's office transfers the assessment amount to the District's fund held by the County Treasury. In the governmental fund financial statements, assessments receivable is recorded in the Governmental Activities fund. In the government-wide financial statements, assessments receivable includes all amounts due to the District regardless of when the cash is received.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation as reported on the statement of net position. The estimated useful lives are as follows:

Equipment	3 to 15 years
Structures	25 to 50 years

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the state of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due processes by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegated the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposed in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, except for endowment interest, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTE 3. CASH AND INVESTMENTS

The District maintains cash in a bank and in the San Joaquin Treasury. The County Treasurer pools and invests the District’s cash with other funds under its control. Interest earned on pooled investments is apportioned into participating funds based upon each fund’s average daily deposit balance. Any investment gains or losses are proportionally shared by all funds in the pool. Investments are carried at fair value. At June 30, 2023, the District had the following cash and investments on hand (including restricted cash):

Cash and investments on deposit with County Treasurer	\$ 1,483,819
Cash on hand and in bank	100,538
Total cash and investments	<u>\$ 1,584,357</u>

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The District categorized its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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. The District had investments in the San Joaquin County Investment Pool, which is measured under Level 2.

Investments Authorized by the District's Investment Policy

The District has not formally adopted a deposit and investment policy that limits the District's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. However, the San Joaquin County Treasurer's investment policy contains specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The remaining maturity of the District's investments in the San Joaquin County Investment Pool is 12 months or less.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. There is no minimum legal rating required of investment pools such as the San Joaquin County Investment Pool. Therefore, a rating is not issued.

Concentration of Credit Risk

The District has not formally adopted an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

NOTE 4. PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Property Valuations – are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4. PROPERTY TAXES (CONTINUED)

Tax Levies – are limited to 1% of full value, which results in a tax base of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and end June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as wells as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 1; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments. The County of San Joaquin bills and collects all property taxes and remits to the District its share of the 1% property tax allocation. Tax revenues are recognized by the District when received.

Tax Levy Apportionments – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees – The State of California FY 90-91 Budget Act, authorized Counties to collect an administrative fee for collection and distribution of property taxes.

NOTE 5. NET POSITION

The government-wide financial statements utilize a net position presentation. GASB Statement No. 63 requires the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5. NET POSITION (CONTINUED)

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Nondepreciable capital assets:				
Land and easements	\$ 19,190	\$ -	\$ -	\$ 19,190
Depreciable capital assets:				
Buildings and improvements	522,431	-	-	522,431
Operating equipment	192,930	-	-	192,930
Office equipment	4,930	-	-	4,930
Total depreciable capital assets	<u>720,291</u>	<u>-</u>	<u>-</u>	<u>720,291</u>
Less accumulated depreciation	<u>(620,501)</u>	<u>(33,133)</u>	<u>-</u>	<u>(653,634)</u>
Net depreciable capital assets	<u>99,790</u>	<u>(33,133)</u>	<u>-</u>	<u>66,657</u>
Net capital assets	<u>\$ 118,980</u>	<u>\$ (33,133)</u>	<u>\$ -</u>	<u>\$ 85,847</u>

NOTE 7. DUE TO COUNTY

Due to County represents amounts due to the County of San Joaquin (the “County”) at June 30, 2023, for general fund cash overages generated through 2021 which are being temporarily covered by the County.

ESCALON CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements. Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

NOTE 9. SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 5, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ESCALON CEMETERY DISTRICT

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes	\$ 57,982	\$ 57,982	\$ 65,210	\$ 7,228
Investment income, net	(4,000)	(4,000)	1,945	5,945
Cemetery sales and fees	301,550	301,550	299,975	(1,575)
Total revenues	355,532	355,532	367,130	11,598
Expenditures:				
Salaries and employee benefits	200,946	200,946	161,407	39,539
Services and supplies	104,662	104,662	102,970	1,692
Interest	-	-	3,093	(3,093)
Total expenditures	305,608	305,608	267,470	38,138
Excess of revenues over expenditures	49,924	49,924	99,660	(49,736)
Other financing (uses)	-	-	(1,150)	1,150
Fund balance, beginning	(112,149)	(112,149)	(112,149)	-
Fund balance, ending	\$ (62,225)	\$ (62,225)	\$ (13,639)	\$ (48,586)