

EAST KERN CEMETERY DISTRICT

Financial Statements
And
Independent Auditor's Report

For the Fiscal Year's Ended

June 30, 2024 and 2023

**EAST KERN CEMETERY DISTRICT
BOARD OF TRUSTEES AND PERSONNEL**

| TRUSTEE | OFFICE | TERM EXPIRE |
|--------------------|------------------------|--------------------|
| Victor Yaw | Chairman | November 30, 2027 |
| Glenda Willie | Vice-Chairman | March 11, 2028 |
| Harold L. Smith | Trustee | Novemebr 30, 2027 |
| Leslie R. Swindler | Trustee | Amrch 11, 2028 |
| Owen L. Carder III | Trustee/Safety Officer | March 11, 2028 |

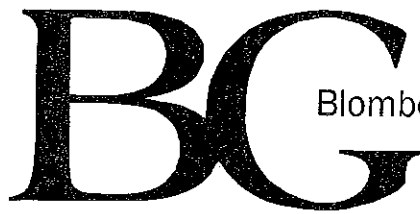
PERSONNEL

Paul Holzer, Manager

EAST KERN CEMETERY DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Kern Cemetery District
Mojave, California

Opinions

We have audited the accompanying financial statements of the and for the years ended June 30, 2024, and 2023 and the related notes to the financial statements, which collectively comprise the East Kern Cemetery District, 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 East Kern Cemetery District, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special District. 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 East Kern Cemetery 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 East Kern Cemetery District ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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:

- 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 East Kern Cemetery 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 East Kern Cemetery 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison schedule on page 44 and 45, schedule of the District's proportionate share of net pension liability on page 47, and schedule of District pension contributions on page 48 identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statement. 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.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.

Stockton, CA

September 12, 2024

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the East Kern Cemetery District (the District) provides an introduction to the financial statements of the District for the years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and related notes, which follows this section.

FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows of resources were valued at \$2,483,481 and \$2,109,042 on June 30, 2024 and 2023, respectively.
- The District's total liabilities and deferred inflows of resources were valued at \$889,463 and \$851,085 on June 30, 2024 and 2023, respectively.
- The District's total net position was valued at \$1,594,018 and \$1,257,957 on June 30, 2024 and 2023, respectively.
- Total net position for fiscal years ending June 30, 2024 and 2023, increased by 26.71% and 22.48%, respectively.
- Total revenues for the fiscal year 2023-2024 were \$810,407 which is \$111,737 more than prior year. Total revenues for the fiscal year 2022-2023 were \$698,670 which is \$66,078 more than the fiscal year 2021-2022.
- Operating expenses totaled \$474,346 and \$458,308 on fiscal years ended June 30, 2024 and 2023, respectively.
- Total net for this fiscal year ended June 30, 2024, were \$336,061. Total net for this fiscal year ended June 30, 2023, was \$230,868, which includes (\$9,494) prior period adjustment.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short term, as well as what remained for future spending.

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis
June 30, 2024 and 2023

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all the assets and liabilities of the District 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 considered regardless of when cash is received or paid.

These two statements report on the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been effectively use.

Governmental Funds

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis
June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table presents a summary of the District's statement of net position by category as of June 30, 2024 and 2023.

TABLE 1: CONDENSED NET POSITION

| | June 30, 2024 | June 30, 2023 | June 30, 2022 | 2024 vs. 2023 | | 2023 vs. 2022 | |
|--|---------------------|---------------------|---------------------|------------------|---------------|------------------|---------------|
| | | | | \$ | % | \$ | % |
| Assets | | | | | | | |
| Current Assets | \$ 1,353,244 | \$ 1,194,338 | \$ 1,122,787 | \$158,906 | 13.30% | \$ 71,551 | 6.37% |
| Other Assets | 263,308 | 254,197 | 251,936 | 9,111 | 3.58% | 2,261 | 0.90% |
| Capital Assets | 688,973 | 501,328 | 346,166 | 187,645 | 37.43% | 155,162 | 44.82% |
| Deferred Outflows of Resources | 177,956 | 159,179 | 119,063 | 18,777 | 11.80% | 40,116 | 33.69% |
| Total Assets | \$ 2,483,481 | \$ 2,109,042 | \$ 1,839,952 | \$374,439 | 17.75% | \$269,090 | 14.62% |
| Liabilities | | | | | | | |
| Current Liabilities | \$ 43,195 | \$ 39,677 | \$ 50,784 | \$ 3,518 | 8.87% | \$ (11,107) | -21.87% |
| Net Pension Obligation | 560,529 | 537,298 | 404,156 | 23,231 | 4.32% | 133,142 | 32.94% |
| Deferred Inflows of Resources | 285,739 | 274,110 | 357,923 | 11,629 | 4.24% | (83,813) | -23.42% |
| Total Liabilities | 889,463 | 851,085 | 812,863 | 38,378 | 4.51% | 38,222 | 4.70% |
| Net Position | | | | | | | |
| Invested in Capital Assets, net of related debt | 688,973 | 501,328 | 346,166 | 187,645 | 37.43% | 155,162 | 44.82% |
| Restricted | 263,308 | 254,197 | 251,936 | 9,111 | 3.58% | 2,261 | 0.90% |
| Unrestricted | 641,737 | 502,432 | 428,987 | 139,305 | 27.73% | 73,445 | 17.12% |
| Total Net Position | 1,594,018 | 1,257,957 | 1,027,089 | 336,061 | 26.71% | 230,868 | 22.48% |
| Total Liabilities and Net Position | \$ 2,483,481 | \$ 2,109,042 | \$ 1,839,952 | \$374,439 | 17.75% | \$269,090 | 14.62% |

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

A summary of total District statement of activities is presented in the table below.

TABLE 2: CONDENSED STATEMENTS OF ACTIVITIES

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>2024 vs. 2023</u> | | <u>2023 vs. 2022</u> | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|---------------|----------------------|---------------|
| | | | | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> |
| Revenues | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 70,696 | \$ 69,872 | \$ 65,190 | \$ 824 | 1.18% | \$ 4,682 | 7.18% |
| Homeowner Tax & Other Aid | 54,316 | 29,482 | 45,874 | 24,834 | 84.23% | (16,392) | -35.73% |
| General Revenues: | | | | | | | |
| Taxes | 610,307 | 566,864 | 505,336 | 43,443 | 7.66% | 61,528 | 12.18% |
| Investment & Other Earnings | 75,088 | 32,452 | 16,192 | 42,636 | 131.38% | 16,260 | 100.42% |
| Total Revenues | <u>810,407</u> | <u>698,670</u> | <u>632,592</u> | <u>111,737</u> | <u>15.99%</u> | <u>66,078</u> | <u>10.45%</u> |
| Program Expenses | | | | | | | |
| Governmental Activities | 426,268 | 415,199 | 399,295 | 11,069 | 2.67% | 15,904 | 3.98% |
| Depreciation | 48,078 | 43,109 | 40,410 | 4,969 | 11.53% | 2,699 | 6.68% |
| Total Expenses | <u>474,346</u> | <u>458,308</u> | <u>439,705</u> | <u>16,038</u> | <u>3.50%</u> | <u>18,603</u> | <u>4.23%</u> |
| Prior Period Adjustment | - | (9,494) | - | 9,494 | -100.00% | (9,494) | -100 |
| Transfer In (Out) - Net | - | - | (50,000) | - | 0.00% | 50,000 | -100.00% |
| Changes in Net Position | <u>\$ 336,061</u> | <u>\$ 230,868</u> | <u>\$ 142,887</u> | <u>\$ 105,193</u> | <u>45.56%</u> | <u>\$ 87,981</u> | <u>61.57%</u> |

The District's net position for fiscal year ending June 30, 2024 increased by \$330,061. The District's net position for the fiscal year ending June 30, 2023 increased by \$230,868. The increase is due to revenue exceeding expenses as discussed in Table 2.

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis
June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Endowment Care Fund

The endowment care fund had cash balance on June 30, 2024 of \$349,255. The endowment care fund increased by \$3,781 for the fiscal year ended June 30, 2024.

The endowment care fund had a cash balance on June 30, 2023 of \$344,824. The endowment care fund increased by \$5,009 for the fiscal year ended June 30, 2023.

General Fund Budgetary Highlights

As finalized by the Board of Directors, fiscal year 2023-2024 budgeted revenues totaled \$672,500. Budgeted expenditures totaled \$685,500. The actual revenues exceeded budget by \$167,407 while expenditure was less than budget by \$29,981 resulting in an overall positive variance of \$197,388. The other financing sources (uses) were less than budget by \$34,500, which resulted in net positive change of \$162,888.

As finalized by the Board of Directors, fiscal year 2022-2023 budgeted revenues totaled \$556,000. Budgeted expenditures totaled \$618,950. The actual revenues exceeded budget by \$142,670 while expenditure was less than budget by \$12,432 resulting in an overall positive variance of \$155,102. The other financing sources (uses) were less than the budget, by \$55,000, which resulted in net positive change of \$100,102.

Capital Assets at Year End-Net of Depreciation

As of June 30, 2024, and 2023 the District owned the following capital assets:

TABLE 3: CAPITAL ASSETS

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>2024 vs. 2023</u> | | <u>2023 vs. 2022</u> | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|---------------|----------------------|---------------|
| | | | | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> |
| Capital Assets | | | | | | | |
| Land | \$ 10 | \$ 10 | \$ 10 | \$ - | 0.00% | \$ - | 0.00% |
| Building and Improvements | 979,577 | 835,122 | 625,985 | 144,455 | 17.30% | 209,137 | 33.41% |
| Equipment and Computer | | | | | | | |
| Software | 431,895 | 368,626 | 353,122 | 63,269 | 17.16% | 15,504 | 4.39% |
| Accumulated Depreciation | (722,509) | (702,430) | (618,912) | (20,079) | 2.86% | (83,518) | 13.49% |
| Total Capital Assets-Net of | | | | | | | |
| Depreciation | <u>\$ 688,973</u> | <u>\$ 501,328</u> | <u>\$ 360,205</u> | <u>\$187,645</u> | <u>37.43%</u> | <u>\$141,123</u> | <u>39.18%</u> |

EAST KERN CEMETERY DISTRICT

Management's Discussion and Analysis June 30, 2024 and 2023

LONG-TERM DEBT

FY2023-2024: with the implementation of GASB 68, a net pension liability of \$560,529 is reflected as long-term debt on June 30, 2024. More detailed information about the District's long-term liabilities is presented in Note 8 of the financial statements.

FY2022-2023: with the implementation of GASB 68, a net pension liability of \$537,298 is reflected as long-term debt on June 30, 2023. More detailed information about the District's long-term liabilities is presented in Note 8 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2024-2025, revenues and expenses are expected to remain fairly consistent. The District does not expect any major changes compared to the prior fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact East Kern Cemetery District, 2040 Belshaw St. Mojave, CA, or phone 661-824-2778.

EAST KERN CEMETERY DISTRICT

Statement of Net Position June 30, 2024 and 2023

| | Governmental Activities 2024 | Governmental Activities 2023 |
|--|------------------------------------|------------------------------------|
| Assets | | |
| Current Assets | | |
| Cash & Investments | \$ 1,313,394 | \$ 1,166,982 |
| Accounts/Interest Receivable | 14,934 | 8,642 |
| Inventory | 18,621 | 12,812 |
| Prepaid Items | 6,295 | 5,902 |
| Total Current Assets | <u>1,353,244</u> | <u>1,194,338</u> |
| Capital Assets | | |
| Capital Assets, Construction in Progress | - | - |
| Capital Assets, net of accumulated depreciation | 688,973 | 501,328 |
| Other Assets | | |
| Cash and Investments - Burial Plots and Prepaid Services | <u>263,308</u> | <u>254,197</u> |
| Deferred Outflows of Resources | | |
| Pension Plan Contributions - Note 8 | <u>177,956</u> | <u>159,179</u> |
| Total Assets | <u><u>\$ 2,483,481</u></u> | <u><u>\$ 2,109,042</u></u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$ 6,651 | \$ 4,314 |
| Due to Endowment Care Fund | 350 | 1,000 |
| Accrued Expenses | 9,163 | 8,800 |
| Compensated Absences Payable | <u>27,031</u> | <u>25,563</u> |
| Total Current Liabilities | <u>43,195</u> | <u>39,677</u> |
| Long-term Liabilities | | |
| Net Pension Obligations - Note 8 | 560,529 | 537,298 |
| Deferred Inflows of Resources: | | |
| Pension Plan Deferrals - Note 8 | 22,431 | 19,913 |
| Deferred Revenue | <u>263,308</u> | <u>254,197</u> |
| Total Deferred Inflows of Resources | <u>285,739</u> | <u>274,110</u> |
| Total Liabilities | <u>889,463</u> | <u>851,085</u> |
| Net Position | | |
| Investment in Fixed Assets, Net of Related Debt | 688,973 | 501,328 |
| Restricted | 263,308 | 254,197 |
| Unrestricted | <u>641,737</u> | <u>502,432</u> |
| Total Net Position | <u>1,594,018</u> | <u>1,257,957</u> |
| Total Liabilities and Net Position | <u><u>\$ 2,483,481</u></u> | <u><u>\$ 2,109,042</u></u> |

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

EAST KERN CEMETERY DISTRICT
Statement of Activities
For the Years Ended June 30, 2024 and 2023

| | Governmental Activities 2024 | Governmental Activities 2023 |
|--|---|---|
| Program Expenses | | |
| Governmental Activities-Cemetery Services: | | |
| Personnel Services | \$ 309,390 | \$ 284,484 |
| Materials and Supplies | 116,878 | 130,715 |
| Depreciation | 48,078 | 43,109 |
| Total Program Expenses | <u>474,346</u> | <u>458,308</u> |
| Program Revenues | | |
| Charges for Services | <u>70,696</u> | <u>69,872</u> |
| Total Program Revenues | <u>70,696</u> | <u>69,872</u> |
| Net Program Expenses | <u>403,650</u> | <u>388,436</u> |
| General Revenues | | |
| Taxes: | | |
| Property Taxes | 610,307 | 566,864 |
| Homeowner Tax & Other Aid | 54,316 | 29,482 |
| Interest Income | 59,588 | 32,452 |
| Other Income | 15,500 | - |
| Total General Revenues | <u>739,711</u> | <u>628,798</u> |
| Operating Transfer Out - Endowment Care Fund | - | - |
| Change in Net Position | 336,061 | 240,362 |
| Net Position-Beginning of Year | <u>1,257,957</u> | <u>1,027,089</u> |
| Prior Period Adjustment | <u>-</u> | <u>(9,494)</u> |
| Net Position-End of Year | <u><u>\$ 1,594,018</u></u> | <u><u>\$ 1,257,957</u></u> |

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

EAST KERN CEMETERY DISTRICT

Balance Sheet-Governmental Funds

June 30, 2024 and 2023

| | General Funds 2024 | General Funds 2023 |
|--|-----------------------------------|-----------------------------------|
| Assets | | |
| Cash & Investments | \$ 1,576,702 | \$ 1,421,179 |
| Accounts/Interest Receivable | 14,934 | 8,642 |
| Inventory | 18,621 | 12,812 |
| Prepaid Items | 6,295 | 5,902 |
| Total Assets | \$ 1,616,552 | \$ 1,448,535 |
| Liabilities | | |
| Accounts Payable | \$ 6,651 | \$ 4,314 |
| Due to Endowment Care Fund | 350 | 1,000 |
| Accrued Expenses | 9,163 | 8,800 |
| Compensated Absences Payable | 27,031 | 25,563 |
| Total Liabilities | 43,195 | 39,677 |
| Deferred Inflows of Resources | | |
| Deferred Revenue | 263,308 | 254,197 |
| Fund Balances | | |
| Nonspendable | 6,295 | 5,902 |
| Assigned | 263,308 | 254,197 |
| Unassigned | 1,040,446 | 894,562 |
| Total Fund Balances | 1,310,049 | 1,154,661 |
| Total Liabilities and Fund Balances | \$ 1,616,552 | \$ 1,448,535 |

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

EAST KERN CEMETERY DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds

For the Years Ended June 30, 2024 and 2023

| | General Funds 2024 | General Funds 2023 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Revenues | | |
| Property Taxes | \$ 610,307 | \$ 566,864 |
| Intergovernmental Revenues | 54,316 | 29,482 |
| Charges for Current Services | 70,696 | 69,872 |
| Use of Money & Property | 59,588 | 32,452 |
| Total Revenues | 794,907 | 698,670 |
| Expenditures | | |
| Cemetery Services: | | |
| Salaries & Benefits | 302,418 | 277,532 |
| Services and Supplies | 116,878 | 130,715 |
| Capital Outlay | 235,723 | 198,271 |
| Total Expenditures | 655,019 | 606,518 |
| Excess of Revenues Over Expenditures | 139,888 | 92,152 |
| Other Financing Sources (Uses) | | |
| Transfers In | - | - |
| Transfers Out | - | - |
| Proceeds from Sale of Assets | 15,500 | - |
| Total Other Financing Sources (Uses) | 15,500 | - |
| Net Change in Fund Balances | 155,388 | 92,152 |
| Fund Balances-June 30, 2023 and 2022 | 1,154,661 | 1,072,003 |
| Prior Period Adjustment | - | (9,494) |
| Fund Balances-June 30, 2024 and 2023 | \$ 1,310,049 | \$ 1,154,661 |

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

EAST KERN CEMETERY DISTRICT
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Fund Balances of Governmental Funds | \$ 1,310,049 | \$ 1,154,661 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds | 688,973 | 501,328 |
| Amounts to be provided to pay future pension benefits do not required current resources | <u>(405,004)</u> | <u>(398,032)</u> |
| Net Position of Governmental Activities | <u>\$ 1,594,018</u> | <u>\$ 1,257,957</u> |

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

EAST KERN CEMETERY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances-Governmental Funds to the Statement of Activities
For the Years Ended June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Excess of Revenues Over Expenditures of Governmental Funds | \$ 155,388 | \$ 92,152 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital outlays is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Asset Addition | 235,723 | 198,271 |
| Depreciation Expense | (48,078) | (43,109) |
| Deferred outflows of resources are not current assets, therefore, are not reported as expense in the funds statement. | 18,777 | 40,116 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consists of net pension liability. | (23,231) | (133,142) |
| Deferred outflows of resources are not current liability, therefore, are not reported as expense in the funds statement. | <u>(2,518)</u> | <u>86,074</u> |
| Change in Net Position of Governmental Funds | <u>\$ 336,061</u> | <u>\$ 240,362</u> |

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

EAST KERN CEMETERY DISTRICT

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024 and 2023

| | Endowment Care Fund 2024 | Endowment Care Fund 2023 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash & Investments | \$ 349,255 | \$ 344,824 |
| Interest Receivable | 1,828 | 1,828 |
| Due from General Fund | 350 | 1,000 |
| Total Assets | \$ 351,433 | \$ 347,652 |
| Net Position | | |
| Reserved for Endowment Care | \$ 351,433 | \$ 347,652 |
| Total Net Position | 351,433 | 347,652 |
| Total Liabilities and Net Position | \$ 351,433 | \$ 347,652 |

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

EAST KERN CEMETERY DISTRICT

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024 and 2023

| | Endowment Care Fund 2024 | Endowment Care Fund 2023 |
|--|---|---|
| Additions | | |
| Investment Earnings | \$ 3,393 | \$ 4,453 |
| Endowment Care Collections | 7,550 | 8,600 |
| Total Additions | 10,943 | 13,053 |
| Deletions | | |
| Unrealized Loss | 7,162 | 8,044 |
| Changes in Net Postion Prior to Operating Transfer's | 3,781 | 5,009 |
| Operating Transfer In - Cemetery Fund | - | - |
| Operating Transfer Out - Cemetery Fund | - | - |
| Changes in Net Postion | 3,781 | 5,009 |
| Net Position - Beginning | 347,652 | 342,643 |
| Net Position - Ending | <u>\$ 351,433</u> | <u>\$ 347,652</u> |

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

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Kern Cemetery District (the District) is located in Mojave, California. The District was formed in 1940 as an Independent Special District to provide and maintain cemeteries limited to burial of residents of the District, members of the family of a resident who have heretofore purchased a burial plot, or non-residents of the District who are eligible for burial in the District cemetery.

The District accounts for its financial transactions in accordance with the policies and procedures of the State of California – Uniform System of Accounts for Special Districts. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of significant accounting policies:

A. Description of the Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity has made by applying the criteria set forth in the U.S. GAAP. The basic- but not the only- criterion for including a potential component unit within the reporting entity is the government body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential components units for inclusions or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria the District has no potential component units.

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

Governmental-Wide Financial Statements

The government-wide financial statement is reporting using the economic resources measure focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of the cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, donations, and similar items are recognized as revenues as soon as all the eligibility requirements imposed by the provider are met.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation **(Continued)**

Governmental-Wide Financial Statements (Continued)

The District recognized asset of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on a modified accrual basis, when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Various property taxes, grants, entitlements, and most donations are examples of nonexchange transactions.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if any. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Government Fund Financial Statements

The Government Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if the revenues are collected within sixty days after year-end. Property taxes and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when a 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

EAST KERN CEMETERY DISTRICT
Notes to Basic Financial Statements
June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports on the following major governmental funds:

- **Cemetery Fund** – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the specific purpose of operating a cemetery District.

The District reports the following fiduciary funds:

- **Endowment Care Fund** – This fund was established in accordance with Section 9000 of the Health and Safety Code to defray the cost of cemetery operations. The District collects an additional amount for each full grave sold. During the fiscal years ended June 30, 2024 and 2023, these collections totaled \$7,550 and \$8,600, respectively. Interest/dividends are earned on the principal of the fund and deposited in Morgan Stanley U.S. Government Fund. After all gravesites have been sold, the revenue earned will be expended for the operation of the Cemetery. The principal will remain intact.

C. Budgets and Budgetary Accounting

By State law, the District's Governing Board must adopt a final budget no later than August 1. A public hearing must be conducted to receive comments prior to adoption. These budgets are revised by the District's Governing Board and District Manager during the year to consider unanticipated income and expenditures. It is the final revised budget that is presented in the financial statements.

All budgets were adopted on a basis that materially conforms to generally accepted accounting principles (GAAP).

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deposit and Investments

All deposits of the District are made in board-designated official depositories are secured as required by State Law. The District may designate as an official depository any bank or savings and loan association. Also, the District may establish time deposit accounts such as money market accounts and certificates of deposit.

The District recognizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. Dividend income from the mutual funds is recognized on the ex-dividend date. Income from the pooled money in the Kern County Investments Funds is allocated to the District based on the District's respective share of total pooled cash and investments.

Net appreciation (depreciation) of the mutual funds is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the District's investment operations, as well as the internal administrative expenses associated with the District's investment program.

Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

E. Cash and Cash Equivalents

The District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Allowance for Uncollectible Accounts

For reporting purposes an allowance for doubtful accounts has been established. This account is maintained to estimate the losses that result from the failure or inability of customers to make the required payments. There is no allowance for uncollectible accounts on June 30, 2024 and 2023, as management believes all accounts will be collected.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Inventory is valued at the lower of cost or net-realizable value. Inventory consists of crypts, liners and vases and is recorded as expenditure, when consumed.

H. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of a net asset or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement number 67 and 68.

East Kern Cemetery District collects money from customers who pay in advance for burial plots and prepaid services. Since the revenues are not used until the time of burial, it is unearned until that time at which it becomes recognized as current year revenue. As of June 30, 2024 and 2023, unearned revenue was \$263,308 and \$254,197, respectively.

I. Capital Assets

In the Government-wide Financial Statements, capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimate market value at the time of donation. The District defines capital assets as assets with an individual cost of more than \$500, and an estimate useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method. Capital assets are depreciated on the following basis:

| <u>Asset Class</u> | <u>Estimate Useful Lives</u> |
|---------------------------|----------------------------------|
| Building and Improvements | 5-42 years |
| Equipment | 5-10 years |
| Computer Software | 7 years |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

The vacation policy of the District provides for the accumulation of up to thirty days earned vacation leave and twelve days earned sick leave with such leave being fully vested when earned. An expense and a liability for vacation pay, sick pay, and salary related payments are accrued as the leave is earned in the financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used. Accumulated unpaid sick leave and vacation leave has been determined to be \$27,031 and \$25,563 as of June 30, 2024, and 2023, respectively.

K. Net Position

The financial statements utilize a net position presentation. The net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisitions, construction, or improvement of those assets.
- **Restricted Net Position** – This component of net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted or net investment in capital assets*.

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statement of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

L. Fund Balances – Governmental Funds

Nonspendable Fund Balance- This component of fund balance consists of assets not in a spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

- **Nonspendable Inventory-** The portion of fund balance reflects the value of inventory.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances – Governmental Funds (Continued)

- **Nonspendable Prepaid Items-** The portion of fund balance reflecting the value of prepaid items.

All Other Nonspendable Assets- The portion of fund balance reflecting the value of nonspendable assets not specified above. For example, this object issued for the legal reserve for Certificates of Participation, the long-term portion of notes receivable, or the principle of a permanent endowment.

Restricted Balances- This component of fund balance consists of resources subject to externally imposed and legally enforceable constraints imposed either by external resource provider, e.g., grantors or creditors, or by law through constitutional provisions or enabling legislation. Examples included unspent balances or restricted state and federal grants, and unspent proceeds of general obligation bonds.

Committed Fund Balance- This component of fund balance consists of resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraint can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Assigned Fund Balance- This component of fund balance consists of resources that are intended to be used for specific purposes, but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued and may be modified or removed by a process less formal than is required for committed fund balance.

Unassigned Fund Balance- This represents the portion of fund balance not classified as nonspendable, restricted, committed, or assigned. For budgetary purposes, this account represents the excess of estimated revenue and estimated other financial sources over appropriations and estimated other financing uses.

EAST KERN CEMETERY DISTRICT
Notes to Basic Financial Statements
June 30, 2024 and 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Spending Order Policy- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, 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, as needed, unless the governing board has provided otherwise in its commitment or assigned actions.

M. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfer between funds. 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 or expenses. Reimbursements occur when one funds incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfer out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

N. Use of Estimates

The preparation of 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 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 reporting period. Actual results could differ from those estimates.

O. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Property taxes are billed and collected for the District by Kern County. The District does not receive any property tax revenues directly; however delinquent special assessments are turned over to the counties for collections with regular delinquent property tax assessments.

EAST KERN CEMETERY DISTRICT**Notes to Basic Financial Statements****June 30, 2024 and 2023****NOTE 2 CASH AND INVESTMENTS**

Unrestricted cash and investments as of June 30, 2024, consists of the following:

| <u>Cemetery Fund</u> | |
|--|---------------------|
| Cash on Hand and in Banks | \$ 29,045 |
| Pooled Investments- Kern County Treasury | <u>1,547,657</u> |
| Total | <u>\$ 1,576,702</u> |

Restricted cash and investments as of June 30, 2024, consists of the following:

| <u>Endowment Care Fund</u> | |
|--|-------------------|
| Morgan Stanley- U.S. | |
| Government Securities Trust | \$ 72,366 |
| Pooled Investments- Kern County Treasury | <u>276,889</u> |
| Total | <u>\$ 349,255</u> |

Unrestricted cash and investments as of June 30, 2023, consists of the following:

| <u>Cemetery Fund</u> | |
|--|---------------------|
| Cash on Hand and in Banks | \$ 77,123 |
| Pooled Investments- Kern County Treasury | <u>1,340,994</u> |
| Total | <u>\$ 1,418,117</u> |

Restricted cash and investments as of June 30, 2023, consists of the following:

| <u>Endowment Care Fund</u> | |
|--|-------------------|
| Morgan Stanley- U.S. | |
| Government Securities Trust | \$ 76,135 |
| Pooled Investments- Kern County Treasury | <u>268,689</u> |
| Total | <u>\$ 344,824</u> |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 2 CASH AND INVESTMENTS (Continued)

Investment Authorized by the California Government Code and the District's Investment Policy

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Minimum Quality Requirements</u> |
|--|-------------------------|---|---|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| State Obligations - CA And Others | 5 years | None | None |
| CA Local Agency Obligations | 5 years | None | None |
| U.S Agency Obligations | 5 years | None | None |
| Bankers'Acceptances | 180 days | 40% | None |
| Commercial Paper - Pooled Funds | 270 days | 40% of the agency's money | Highest letter and member rating by a NRSRO |
| Commercial Paper - Non-Pooled Funds | 270 days | 25% of the agency's money | Highest letter and member rating by a NRSRO |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Non-negotiable Certificates of Deposits | 5 years | None | None |
| Placement Service Deposits | 5 years | 30% (inclusive of placement service CDs) | None |
| Placement Service Certificates of Deposit | 5 years | 30% (combine with placement service deposits) | None |
| Repurchase Agreements | 1 year | | |
| Reverse Repurchase Agreements and Securities | 92 days | 20% of the base value of the portfolio | None |
| Lending Agreements Medium-Term Notes | 5 years | 30% | "A"Rating |
| Mutual Fund and Money Market Mutual Funds | N/A | 20% | Multiple |
| Collateralized Bank Deposits | 5 years | None | None |
| Mortgage Pass-Through Securities | 5 years | 20% | "AA"Rating |
| County Pooled Investment Funds | N/A | None | None |
| Joint Powers Authority Pool | N/A | None | Multiple |
| Local Agency Investment (LAIF) | N/A | None | None |
| Volunteer Investment Program Fund | N/A | None | None |
| Supranational Obligations | 5 years | 30% | "AA"Rating |

EAST KERN CEMETERY DISTRICT**Notes to Basic Financial Statements**

June 30, 2024 and 2023

NOTE 2 CASH AND INVESTMENTS (Continued)**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial 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. With respect to investments, custodial credit risk generally applies only to 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 Kern County Investment Pool.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institutions secure 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. None of the District's deposits with financial institutions were in excess of federal depository insurance limits of \$250,000.

Investment Measured at Fair Value

| Investment by Fair Value Level | <u>6/30/2024</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
|-----------------------------------|------------------|---|--|--|
| U.S. Government Securities | \$ 72,367 | \$ - | \$ 72,367 | \$ - |
| Total | <u>\$ 72,367</u> | <u>\$ -</u> | <u>\$ 72,367</u> | <u>\$ -</u> |

| Investment by Fair Value Level | <u>6/30/2023</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
|-----------------------------------|------------------|---|--|--|
| U.S. Government Securities | \$ 76,135 | \$ - | \$ 76,135 | \$ - |
| Total | <u>\$ 76,135</u> | <u>\$ -</u> | <u>\$ 76,135</u> | <u>\$ -</u> |

EAST KERN CEMETERY DISTRICT
Notes to Basic Financial Statements
June 30, 2024 and 2023

NOTE 2 CASH AND INVESTMENTS (Continued)

Investment Measured at Net Asset Value (NAV)

| | <u>6/30/2024</u> | <u>6/30/2023</u> |
|---------------------------------------|---------------------|---------------------|
| Pooled Investments - | | |
| Kern County Investment Pool | \$ 1,824,545 | \$ 1,609,683 |
| Total Investment Measured at the NAV | <u>1,925,958</u> | <u>1,762,941</u> |
| Total Investment Measured at FV & NAV | <u>\$ 1,925,958</u> | <u>\$ 1,762,941</u> |

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measured at the net Position value (NAV) per share (or its equivalent) is presented in the following table:

Investment in Kern County Investment Pool

| <u>Investment Measured at NAV</u> | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (if Currently eligible)</u> | <u>Redemption Notice Period</u> |
|--|-------------------|---------------------------------|---|---|
| Pooled Investment - Kern County Investment Pool 2024 | \$ 1,824,545 | \$ - | Daily | 1 Day |
| Pooled Investment - Kern County Investment Pool 2023 | \$ 1,609,683 | \$ - | Daily | 1 Day |

The District is a voluntary participation in the Kern County Investment Pool that is regulated by the California Government Code under the oversight of the Treasurer of the County of Kern. The carrying amount of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by Kern County for the entire portfolio (in relation to the amortized cost of that portfolio). There are no limitations or restrictions on withdrawals and the fund's authority does not impose liquidity fees or redemption rates.

EAST KERN CEMETERY DISTRICT**Notes to Basic Financial Statements****June 30, 2024 and 2023****NOTE 2 CASH AND INVESTMENTS (Continued)****Interest Rate Risk**

The interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity date.

Investments on June 30, 2024 and 2023, consisted of the following:

| June 30, 2024 | | | Remaining Maturity (in Months) | | |
|--|---------------------|------------------------|---------------------------------------|------------------------|------------------------|
| Investment Type | Fair Value | Carrying Amount | 12 Months or Less | 13 to 36 Months | 37 to 60 Months |
| Cash on Hand and in Banks | \$ 29,045 | \$ 29,045 | \$ 29,045 | \$ - | \$ - |
| Kern County Investment Pool - Unrestricted Cemetery Fund | 1,547,657 | 1,547,657 | 1,547,657 | - | - |
| Morgan Stanley - Restricted Endowment Care Fund | 72,367 | 72,367 | 72,367 | - | - |
| Kern County Investment Pool - Restricted Endowment Care Fund | 276,889 | 276,889 | 276,889 | - | - |
| Total | <u>\$ 1,925,958</u> | <u>\$ 1,925,958</u> | <u>\$ 1,925,958</u> | <u>\$ -</u> | <u>\$ -</u> |
| June 30, 2023 | | | Remaining Maturity (in Months) | | |
| Investment Type | Fair Value | Carrying Amount | 12 Months or Less | 13 to 36 Months | 37 to 60 Months |
| Cash on Hand and in Banks | \$ 77,123 | \$ 77,123 | \$ 77,123 | \$ - | \$ - |
| Kern County Investment Pool - Unrestricted Cemetery Fund | 1,340,994 | 1,340,994 | 1,340,994 | - | - |
| Morgan Stanley - Restricted Endowment Care Fund | 76,135 | 76,135 | 76,135 | - | - |
| Kern County Investment Pool - Restricted Endowment Care Fund | 268,689 | 268,689 | 268,689 | - | - |
| Total | <u>\$ 1,762,941</u> | <u>\$ 1,762,941</u> | <u>\$ 1,762,941</u> | <u>\$ -</u> | <u>\$ -</u> |

EAST KERN CEMETERY DISTRICT**Notes to Basic Financial Statements****June 30, 2024 and 2023****NOTE 2 CASH AND INVESTMENTS (Continued)****Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings as of June 30, 2024 and 2023, consisted of the following:

June 30, 2024

| Investment Type | Amount | Minimum Legal Rating | Exempt from Disclosure | Ratings AAA |
|--|---------------------|---------------------------------|-----------------------------------|------------------------|
| Cash on Hand and in Banks | \$ 29,045 | N/A | \$ 29,045 | - |
| Kern County Investment Pool - Unrestricted Cemetery Fund | 1,549,657 | N/A | 1,549,657 | - |
| Morgan Stanley - Restricted Endowment Care Fund | 72,367 | N/A | 72,367 | - |
| Kern County Investment Pool - Restricted Endowment Care Fund | <u>276,889</u> | N/A | <u>276,889</u> | - |
| Total | <u>\$ 1,927,958</u> | | <u>\$ 1,927,958</u> | - |

June 30, 2023

| Investment Type | Amount | Minimum Legal Rating | Exempt from Disclosure | Ratings AAA |
|--|---------------------|---------------------------------|-----------------------------------|------------------------|
| Cash on Hand and in Banks | \$ 77,123 | N/A | \$ 77,123 | - |
| Kern County Investment Pool - Unrestricted Cemetery Fund | 1,340,994 | N/A | 1,340,994 | - |
| Morgan Stanley - Restricted Endowment Care Fund | 76,135 | N/A | 76,135 | - |
| Kern County Investment Pool - Restricted Endowment Care Fund | <u>268,689</u> | N/A | <u>268,689</u> | - |
| Total | <u>\$ 1,762,941</u> | | <u>\$ 1,762,941</u> | - |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable on June 30, 2024 and 2023 consisted of the following:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---------------------------|----------------------|----------------------|
| Interest Receivable | \$ 16,762 | \$ 10,470 |
| Total Accounts Receivable | <u>\$ 16,762</u> | <u>\$ 10,470</u> |

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 and 2023 was as follows:

| | <u>Balance July 1, 2023</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2024</u> |
|---|---------------------------------|-------------------|------------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets not being depreciated: | | | | |
| Land | \$ 10 | \$ - | \$ - | \$ 10 |
| CIP- Land Development | - | - | - | - |
| Total Capital Asset not being depreciated | <u>10</u> | <u>-</u> | <u>-</u> | <u>10</u> |
| Capital Assets being depreciated: | | | | |
| Building and Improvements | 835,122 | 144,455 | - | 979,577 |
| Equipment | 354,538 | 91,269 | (28,000) | 417,807 |
| Computer Software | 14,088 | - | - | 14,088 |
| Total Capital Asset being depreciated | <u>1,203,748</u> | <u>235,724</u> | <u>(28,000)</u> | <u>1,411,472</u> |
| Less accumulated depreciation for: | | | | |
| Building and Improvements | (406,550) | (29,552) | - | (436,102) |
| Equipment | (284,955) | (17,632) | 28,000 | (274,587) |
| Computer Software | (10,926) | (894) | - | (11,820) |
| Total Accumulated Depreciation | <u>(702,431)</u> | <u>(48,078)</u> | <u>28,000</u> | <u>(722,509)</u> |
| Government Activities Capital Assets, Net | <u>\$ 501,327</u> | <u>\$ 187,646</u> | <u>\$ -</u> | <u>\$ 688,973</u> |

Depreciation expenses for the year ended June 30, 2024 and 2023 were \$48,078 and \$43,109, respectively, and have been recorded in cemetery services in the statement of activities.

EAST KERN CEMETERY DISTRICT
Notes to Basic Financial Statements
June 30, 2024 and 2023

NOTE 5 INTERFUND TRANSACTIONS

Due From/Due to Other Funds – There were no individual fund interfund receivable and payable balances as of June 30, 2024 and 2023.

Interfund Transfers – Consist of required transfers of restricted revenues from the fund receiving the revenue to the funds through which the resources are to be expended. Interfund transfers for the 2023/2024 and 2022/2023 fiscal year were as follows:

| Fund | June 30, 2024 | | June 30, 2023 |
|---------------------|-----------------------|------------------------|---------------------------------|
| | Interfund Transfer In | Interfund Transfer Out | Interfund Transfer In (Out) net |
| Cemetery Fund | \$ - | \$ - | \$ - |
| Endowment Care Fund | - | - | - |
| Total | \$ - | \$ - | \$ - |

NOTE 6 CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the years ending June 30, 2024 and 2023, is presented below:

| Employment Benefit Obligations: | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---------------------------------|-------------------|------------|-----------|----------------|---------------------|
| Net Pension Liability - 2024 | \$ 537,298 | \$ 23,231 | \$ - | \$ 560,529 | \$ - |
| Net Pension Liability - 2023 | \$ 404,156 | \$ 133,142 | \$ - | \$ 537,298 | \$ - |

NOTE 7 EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

The following are the excess expenditures over appropriations as of June 30, 2024 and 2023.

| | June 30, 2024 | June 30, 2023 |
|-------------------------|---------------|---------------|
| Salaries and Wages | \$ - | \$ - |
| Employee Benefits | 18,275 | 11,562 |
| Dues & Other fees | - | 987 |
| Capital Outlay | 28,723 | - |
| Utilities and Telephone | - | 3,933 |
| Fuel | - | 27 |
| Vaults | - | 822 |

EAST KERN CEMETERY DISTRICT
Notes to Basic Financial Statements
June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS

1. General Information About the Pension Plans

A. Plan Description

The Kern County Employee's Retirement Association (KCERA) was established on January 1, 1945, by the County of Kern Board of Supervisors under the provisions of the County Employee's Retirement Law of 1937 (CERL). KCERA is a cost-sharing, multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Kern and of the following agencies: Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley United Air Pollution Control District, Shafer Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, and Kern County Superior Court. The plan is administered by the Kern County Board of Retirement, which consists of nine members and two alternate members.

B. Benefits Provided

Pension Benefits

All regular, full-time employees of the County of Kern or contracting District is, who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership included those in active law enforcement, fire suppression, criminal investigation, detention, and probation.

General Tier I and Tier II members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit. Safety members are eligible to retire at the age of 70 regardless of service or at 50 with 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

The retirement benefits the member will receive is based on age at retirement, final average compensation (FAC), years of retirement service credit and benefit tier.

General member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Section 1676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Benefits Provided (Continued)

of FAC times years of accrued retirement service credit times an age factor from Section 31676.17 (Tier I), or 1/90th of FAC times years of accrued retirement service credit times an age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a).

The monthly allowance is equal to the FAC multiplied by years of accrued retirement credit multiplied by an age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Section 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of FAC times years of accrued retirement service credit times an age factor from Section 31664.1 (Tier I), or 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31664 (Tier II).

For general and safety members in Tiers I and Tier II, the maximum monthly retirement allowance is 100% of FAC. For General Tier III members, there is no limit on the maximum monthly allowance relative to FAC.

The maximum amount of "compensated earnable" that can be considered for 2023 for members with membership dates on or after July 1, 1996, but before January 1, 2013 is \$330,000. For General Tier III members who joined KCERA on or after January 1, 2013, the maximum "pensionable compensation" that can be considered for 2023 is \$146,042 for those enrolled in Social Security. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of compensation earnable for General Tier I, General Tier IIA, Safety Tier I and Safety Tier IIA members. FAC consists of the highest 36 consecutive months of pensionable compensation for General Tier IIB, General Tier III and Safety Tier IIB members.

The members may choose an unmodified retirement allowance or choose to have the allowance modified by one of the four options. The unmodified option provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner when the member dies. An eligible spouse or partner is someone married to or registered with the member for at least one year prior to the effective retirement date. Certain surviving spouses or partners may also be eligible for a benefit continuance if marriage or partnership.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Benefits Provided (continued)

occurred at least two years prior to the date of death and if the surviving spouse or partner is age 55 or older as of the date of death. Retirement allowance options are irrevocable once elected.

Death Benefits

An active member's beneficiary is entitled to receive death benefits, which consist of accumulated contributions plus interest, and one month's salary for each full year of service, up to a maximum of six months of salary.

If a member is vest and the death is not the result of a job-caused injury or disease, the spouse or registered domestic partner will be entitled to receive a lifetime monthly allowance equal to 60% of the retirement allowance to which they would have been entitled if they had retired with a nonservice-connected disability on the date of the member's death. If there is no eligible spouse or partner, the same choice is given to the member's minor children who are under the age of 18 (continuing to age 22 if enrolled full-time in an accredited school).

If a member dies after retirement, a death benefit of \$5,000 is payable to the designated beneficiary(ies) or the estate.

If the member retired with a service-connected disability, the spouse, registered domestic partner or minor children will receive a monthly continuance equal to 100% of the member's benefit.

Disability Benefits

A member with five years of service, regardless of age, who becomes permanently incapacitated from the performance of duty will be eligible for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated from the performance of duty as a result of an injury or disease arising out of and in the course of employment is eligible for a service-connected disability, regardless of service length or age.

Cost-of-Living Adjustments

KCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area, is capped at 2.5%.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

C. Contributions

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022/2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes) was 48.91% of compensation.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022/2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

D. Contribution Recognized

For the year ended June 30, 2024 and 2023, the contributions recognized as part of pension expense for the Plan were as follows.

| | KCERA June 30, 2024 | KCERA June 30, 2023 |
|-------------------------|------------------------|------------------------|
| Contributions- Employer | \$ 71,055 | \$ 65,144 |
| Total Pension Expense | \$ 71,055 | \$ 65,144 |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Pension Expense - June 30, 2024 and 2023

| | 2024 | 2023 |
|--|------------------|------------------|
| Total Service Costs | \$ 26,624 | \$ 26,862 |
| Interest on TPL | 119,855 | 118,278 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contribution | (1,367) | 5,764 |
| Expensed portion of current-period changes | - | 6,872 |
| Expensed portion of current-period differences between expected and actual experience in the TPL | (1,609) | (3,274) |
| Expenses portion of current-period changes of assumptions or other inputs | 8,921 | - |
| Member Contributions | (13,259) | (12,308) |
| Projected earnings on plan investments | (82,473) | (88,134) |
| Expenses portion of current-period differences between actual and projected earnings on plan investments | 2,942 | 27,559 |
| Other | - | 272 |
| Administrative Expense | 1,617 | 1,513 |
| Recognition of beginng of year deferred outflows of resources as pension expense | 46,020 | 20,875 |
| Recognition of beginng of year deferred inflows of resources as pension expense | (39,707) | (40,783) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions. | 15,746 | 13,188 |
| Total Pension Expense Recognized | <u>\$ 83,310</u> | <u>\$ 76,684</u> |

As of June 30, 2024, and 2023, the District reported net pension liabilities for its proportionate share of the net pension liability of the plan as follows:

| | Proportionate Share of NPL June 30, 2024 | Proportionate Share of NPL June 30, 2023 |
|-----------------------------|--|--|
| KCERA | <u>\$ 560,529</u> | <u>\$ 537,298</u> |
| Total Net Pension Liability | <u>\$ 560,529</u> | <u>\$ 537,298</u> |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

| | <u>KCERA</u> |
|----------------------------|----------------|
| Proportion - June 30, 2022 | 0.023% |
| Proportion - June 30, 2023 | 0.022% |
| Change-Increase (Decrease) | <u>-0.001%</u> |

For the years ending June 30, 2024 and 2023, the District recognized pension expenses of \$83,310 and \$76,684. As of June 30, 2024, and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>June 30, 2024</u> | | <u>June 30, 2023</u> |
|---|-----------------------------------|----------------------------------|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Inflows (Outflows) of Resources |
| Pension contributions subsequent to measurement date | \$ 76,983 | \$ - | \$ 72,301 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 24,212 | 4,976 | 39,958 |
| Difference between actual and expected earnings experience in the Total Pension Liability | - | 17,455 | (19,313) |
| Changes of Assumptions or other inputs | 39,640 | - | 13,994 |
| Net excess of projected over actual earnings on pension plan investments (if any) | <u>37,121</u> | <u>-</u> | <u>32,926</u> |
| Total Deferred Outflows of Resources | <u>\$ 177,956</u> | <u>\$ 22,431</u> | <u>\$ 139,866</u> |

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The amount reported as deferred outflows or resources related to contributions subsequent to the measurement date, of \$76,983 and \$72,301 will be recognized as a reduction of the net pension liability in the years ended June 30, 2025 and 2024, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

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

| Measurement Period Ended June 30: | Deferred Outflows/(Inflows) of Resources - 2024 | Deferred Outflows/(Inflows) of Resources - 2023 |
|--|--|--|
| 2024 | 0 | 94,446 |
| 2025 | 41,978 | 17,759 |
| 2026 | 22,583 | -1,815 |
| 2027 | 53,425 | 29,476 |
| 2028 | 22,144 | 0 |
| 2029 | 15,397 | 0 |
| Thereafter | 0 | 0 |

B. Actuarial Assumptions

The TPL as of June 30, 2023 that was determined by an actuarial valuation as of June 30, 2022 used the same actuarial assumptions and actuarial cost method as of June 30, 2023 funding valuation. The actuarial assumptions used on June 30, 2023 were based on the result of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

| | |
|---------------------------|---|
| Inflation | 2.50% |
| Salary Increase | 3.70% to 8.00% varying by service, including inflation. |
| Investment rate of return | 7.00% net of pension plan investment expense, including inflation. |
| Administrative Expenses | 0.95% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member. |
| Other Assumptions | Same as those used in the June 30, 2023 funding valuation. These assumptions were developed in the analysis of actuarial experience study for the period July 1, 2019 through June 30, 2022. |

The Entry Age Normal Actuarial Cost method used in KCERA'S annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For the purpose of measuring the service cost and TPL, KCERA has reflected on the same plan provisions used in determining the members' actuarial present value of projected benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the normal cost and actuarial accrued liability as if the current benefits accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expensed future real rate of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rate of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------------|------------------------------|---|
| Global Equity | 37% | 7.05% |
| Core Fixed Income | 14% | 1.97% |
| High Yield Corporate Credit | 6% | 4.63% |
| Emerging Markets Debt Blend | 4% | 4.62% |
| Commodities | 4% | 4.21% |
| Core Real Estate | 5% | 13.86% |
| Value added Real Estate | 5% | 6.70% |
| Midstream | 5% | 8.00% |
| Capital Efficiency Alpha Pool | 8% | 3.10% |
| Hedge Funds | 10% | 3.10% |
| Private Equity | 5% | 10.27% |
| Private Credit | 5% | 6.97% |
| Cash | -8% | 0.63% |
| Total | <u>100%</u> | |

Discount Rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2023, and 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023 and June 30, 2022.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources
Related to Pensions (continued)**

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and SRBR asset pools.

| | Discount Rate - 1% 6.00% | Current Discount Rate 7.00% | Discount Rate + 1% 8.00% |
|---|-----------------------------|-----------------------------------|-----------------------------|
| Plan's Net Pension Liability/(Assets) - 2024 | \$ 790,569 | \$ 560,529 | \$ 371,476 |
| | Discount Rate - 1% 6.25% | Discount Rate 7.250% | Discount Rate + 1% 8.25% |
| Plan's Net Pension Liability/(Assets) - 2023 | \$ 757,772 | \$ 537,298 | \$ 355,912 |

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal years ended June 30, 2024 and 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

EAST KERN CEMETERY DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

NOTE 10 COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions.

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

| <u>Violation</u> | <u>Action Item</u> |
|------------------|--------------------|
| None reported. | Not applicable. |

B. Deficit Fund Balance or Fund Net Pension of Individual Funds

Following are funds having deficit fund balances or fund net position at year-end, if any, along with remarks which address such deficits:

| <u>Fund Name</u> | <u>Deficit Amount</u> | <u>Remarks</u> |
|------------------|-----------------------|----------------|
| None reported | Not applicable | Not applicable |

NOTE 11 PRIOR PERIOD ADJUSTMENT

There was a prior period adjustment in the amount of \$9,495 for the fiscal year ended June 30, 2023, due to not recording health benefits expenses in the prior fiscal year. There was no prior period adjustments recorded for the year ended June 30, 2024.

NOTE 12 SUBSEQUENT EVENTS

The District has evaluated subsequent to June 30, 2024, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through February 07, 2025, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosures in the financial statements.

EAST KERN CEMETERY DISTRICT

Budgetary Comparison Schedule

General fund

For the Year Ended June 30, 2024

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|----------------------------|-------------------------|---------------------------|---|
| Revenues | | | | |
| General Property Taxes | \$ 572,500 | \$ 572,500 | \$ 664,623 | \$ 92,123 |
| Fees and Services: | | | | |
| Cemetery lots | 55,000 | 55,000 | 70,696 | 15,696 |
| Interest and Dividends | - | - | 59,588 | 59,588 |
| Total Revenue | <u>627,500</u> | <u>627,500</u> | <u>794,907</u> | <u>167,407</u> |
| Expenditures | | | | |
| Salaries & Wages | 182,000 | 182,000 | 165,943 | 16,057 |
| Employee Benefits | 118,200 | 118,200 | 136,475 | (18,275) |
| Professional Fees | 13,500 | 13,500 | 10,789 | 2,711 |
| Dues and Other Fees | 3,000 | 3,000 | 2,525 | 475 |
| Insurance | 16,300 | 16,300 | 6,801 | 9,499 |
| Repairs and Maintenance | 28,000 | 28,000 | 23,244 | 4,756 |
| Fuel | 7,100 | 7,100 | 5,625 | 1,475 |
| Vaults and Sectional Boxes Purchased | 8,000 | 8,000 | 6,978 | 1,022 |
| Office Supplies and Postage | 6,000 | 6,000 | 5,128 | 872 |
| Utilities and Telephone | 52,750 | 52,750 | 49,513 | 3,237 |
| Other Expenses | 43,150 | 43,150 | 6,275 | 36,875 |
| Capital Outlay | <u>207,000</u> | <u>207,000</u> | <u>235,723</u> | <u>(28,723)</u> |
| Total Expenditures | <u>685,000</u> | <u>685,000</u> | <u>655,019</u> | <u>29,981</u> |
| Excess of Revenues Over Expenditures | <u>(57,500)</u> | <u>(57,500)</u> | <u>139,888</u> | <u>197,388</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | 50,000 | 50,000 | - | (50,000) |
| Operating Transfers Out | - | - | - | - |
| Proceeds from Sale of Assets | | | 15,500 | 15,500 |
| Total Other Financing Sources (Uses) | <u>50,000</u> | <u>50,000</u> | <u>15,500</u> | <u>(34,500)</u> |
| Net Change in Fund Balances | <u>(7,500)</u> | <u>(7,500)</u> | <u>155,388</u> | <u>162,888</u> |
| Fund Balances-June 30, 2023 | | | <u>1,154,661</u> | |
| Fund Balances-June 30, 2024 | | | <u>\$ 1,310,049</u> | |

The accompany notes to financial statements are an integral part of this statement.

EAST KERN CEMETERY DISTRICT

Budgetary Comparison Schedule

General fund

For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues | | | | |
| General Property Taxes | \$ 500,000 | \$ 500,000 | \$ 596,346 | \$ 96,346 |
| Fees and Services: | | | | |
| Cemetery lots | 56,000 | 56,000 | 69,872 | 13,872 |
| Interest and Dividends | - | - | 32,452 | 32,452 |
| | <u>556,000</u> | <u>556,000</u> | <u>698,670</u> | <u>142,670</u> |
| Total Revenue | <u>556,000</u> | <u>556,000</u> | <u>698,670</u> | <u>142,670</u> |
| Expenditures | | | | |
| Salaries & Wages | 173,000 | 173,000 | 151,448 | 21,552 |
| Employee Benefits | 116,000 | 116,000 | 127,562 | (11,562) |
| Professional Fees | 10,100 | 10,100 | 10,298 | (198) |
| Dues and Other Fees | 2,350 | 2,350 | 3,337 | (987) |
| Insurance | 16,300 | 16,300 | 7,802 | 8,498 |
| Repairs and Maintenance | 21,500 | 21,500 | 26,222 | (4,722) |
| Fuel | 6,500 | 6,500 | 6,527 | (27) |
| Vaults and Sectional Boxes Purchased | 6,500 | 6,500 | 7,322 | (822) |
| Office Supplies and Postage | 4,250 | 6,500 | 6,009 | 491 |
| Utilities and Telephone | 52,750 | 52,750 | 56,683 | (3,933) |
| Other Expenses | 37,450 | 37,450 | 5,037 | 32,413 |
| Capital Outlay | 170,000 | 170,000 | 198,271 | (28,271) |
| | <u>616,700</u> | <u>618,950</u> | <u>606,518</u> | <u>12,432</u> |
| Total Expenditures | <u>616,700</u> | <u>618,950</u> | <u>606,518</u> | <u>12,432</u> |
| Excess of Revenues Over Expenditures | <u>(60,700)</u> | <u>(62,950)</u> | <u>92,152</u> | <u>155,102</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | 55,000 | 55,000 | - | (55,000) |
| Operating Transfers Out | - | - | - | - |
| | <u>55,000</u> | <u>55,000</u> | <u>-</u> | <u>(55,000)</u> |
| Total Other Financing Sources (Uses) | <u>55,000</u> | <u>55,000</u> | <u>-</u> | <u>(55,000)</u> |
| Net Change in Fund Balances | <u>(5,700)</u> | <u>(7,950)</u> | <u>92,152</u> | <u>100,102</u> |
| Fund Balances-June 30, 2022 | | | <u>1,072,003</u> | |
| Prior Period Adjustment | | | <u>(9,494)</u> | |
| Fund Balances-June 30, 2023 | | | <u>\$ 1,154,661</u> | |

The accompany notes to financial statements are an integral part of this statement.

EAST KERN CEMETERY DISTRICT
Notes to Required Supplementary Information
June 30, 2024 and 2023

BUDGETARY BASIS OF ACCOUNTING

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Unused appropriations for the budgeted funds lapse at the end of the fiscal year. Budgets are adopted on a modified accrual basis. Expenditures in excess of budgeted amounts are approved individually by the Board.

EAST KERN CEMETERY DISTRICT
Schedule of the Proportionate Share of the Net Pension Liability
Kern County Employee's Retirement Association Pension Plan
Last Ten Fiscal Years

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net pension liability | 0.022% | 0.023% | 0.021% | 0.021% | 0.020% | 0.019% | 0.019% | 0.015% | 0.011% | 0.010% | 0.010% |
| District's proportionate share of the net pension liability | \$ 560,529 | \$ 537,298 | \$ 404,156 | \$ 568,645 | \$ 475,004 | \$ 452,431 | \$ 448,133 | \$ 355,569 | \$ 231,931 | \$ 207,281 | \$ 220,750 |
| District's covered-employee payroll | \$ 142,762 | \$ 133,916 | \$ 129,130 | \$ 124,456 | \$ 118,101 | \$ 118,685 | \$ 112,019 | \$ 94,080 | \$ 67,647 | \$ 66,341 | \$ 66,356 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 392.632% | 401.220% | 312.984% | 456.904% | 402.200% | 381.200% | 400.050% | 377.940% | 342.850% | 312.450% | 332.680% |
| KCERA fiduciary net position as a percentage of the total pension liability | 63.490% | 62.800% | 69.690% | 55.900% | 58.470% | 59.220% | 57.900% | 57.150% | 59.250% | 60.660% | 55.640% |

EAST KERN CEMETERY DISTRICT
Schedule of Contributions
Kern County Employees' Retirement Association Pension Plan
Last Ten Fiscal Years

| | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actually determined contribution | \$ 76,983 | \$ 72,301 | \$ 67,112 | \$ 62,645 | \$ 58,949 | \$ 53,266 | \$ 44,229 | \$ 37,107 | \$ 27,509 | \$ 26,283 |
| Contribution in relation to the actually determined contributions | \$ (76,983) | \$ (72,301) | \$ (67,112) | \$ (62,645) | \$ (58,949) | \$ (53,266) | \$ (44,229) | \$ (37,107) | \$ (27,509) | \$ (26,283) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District covered-employee payroll | \$ 142,762 | \$ 133,916 | \$ 129,130 | \$ 124,456 | \$ 118,101 | \$ 118,685 | \$ 112,019 | \$ 94,080 | \$ 67,647 | \$ 66,341 |
| Contribution as a percentage of covered-employee payroll | 53.924% | 53.990% | 51.972% | 50.335% | 49.914% | 44.880% | 39.483% | 39.442% | 40.666% | 39.618% |