

MURPHYS CEMETERY DISTRICT

INDEPENDENT AUDITOR'S REPORTS
AND
FINANCIAL STATEMENTS

FOR THE FIVE-YEAR PERIOD ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Murphys Cemetery District
Murphys, California

Opinions

We have audited the accompanying financial statements of the District as of and for the five-year period ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, for the five-year period 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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:

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to be "Ned J. ...", written in a cursive style.

Firebaugh, California
September 30, 2022

MURPHYS CEMETERY DISTRICT

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 416,126	\$ -	\$ 416,126
Prepaid expenses	8,877	-	8,877
Total assets	<u>425,003</u>	<u>-</u>	<u>425,003</u>
Liabilities			
Accounts payable and other accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances/Net Position			
Unassigned	425,003	(425,003)	-
Total fund balances	<u>425,003</u>	<u>(425,003)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 425,003</u>	<u>\$ (425,003)</u>	<u>-</u>
Net Position			
Unrestricted			<u>425,003</u>
Total net position			<u>\$ 425,003</u>

MURPHYS CEMETERY DISTRICT

GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES FIVE-YEAR PERIOD ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenue			
Property taxes	\$ 280,045	\$ -	\$ 280,045
Other revenue	33,436	-	33,436
Interest	24,694	-	24,694
Total revenue	<u>338,175</u>	<u>-</u>	<u>338,175</u>
Expenditures			
Salaries and wages	79,525	-	79,525
Communications	4,497	-	4,497
Insurance	28,065	-	28,065
Repairs and maintenance	91,197	-	91,197
Office	5,046	-	5,046
Professional services	8,495	-	8,495
Refunds	1,475	-	1,475
Utilities	3,467	-	3,467
Assessments	230	-	230
Total expenditures	<u>221,997</u>	<u>-</u>	<u>221,997</u>
Net change in fund balance	116,178	-	-
Change in net position		-	116,178
Fund Balances/Net Position			
Beginning of year	308,825	-	308,825
End of year	<u>\$ 425,003</u>	<u>\$ -</u>	<u>\$ 425,003</u>

MURPHYS CEMETERY DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND FIVE-YEAR PERIOD ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Property taxes	\$ 274,412	\$ 274,412	\$ 280,045	\$ 5,633
Other revenue	14,304	14,304	33,436	19,132
Interest	<u>13,300</u>	<u>13,300</u>	<u>24,694</u>	<u>11,394</u>
Total revenue	<u>302,016</u>	<u>302,016</u>	<u>338,175</u>	<u>36,159</u>
Expenditures				
Salaries and wages	98,800	98,800	79,525	19,275
Communications	4,922	4,922	4,497	425
Insurance	34,253	34,253	28,065	6,188
Repairs and maintenance	196,825	196,825	91,197	105,628
Office	6,980	6,980	5,046	1,934
Professional services	19,925	19,925	8,495	11,430
Refunds	2,750	2,750	1,475	1,275
Utilities	5,495	5,495	3,467	2,028
Assessments	<u>230</u>	<u>230</u>	<u>230</u>	<u>-</u>
Total expenditures	<u>370,180</u>	<u>370,180</u>	<u>221,997</u>	<u>148,183</u>
Net change in fund balance	<u>\$ (68,164)</u>	<u>\$ (68,164)</u>	116,178	<u>\$ 184,342</u>
Fund Balance				
Beginning of year			<u>308,825</u>	
End of year			<u>\$ 425,003</u>	

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of the Murphys Cemetery District (District) conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units" and by the Financial Accounting Standards Board (when applicable).

Reporting Entity – The Murphys Cemetery District is a California special district formed in 1930. The District is fully responsible for all functions of the Murphys Cemetery. The District acts and operates under, and is governed by, the statutory authority known as the Health and Safety Code, State of California, Chapter 1, Division 18, Part 4, Public Cemetery Districts.

Government-Wide and Fund Financial Statements – The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or discretely presented component units and therefore, the statements reflect only activity from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational and capital requirement of a particular function. Taxes and other items are reported as general revenue.

Fund financial statements display information about major funds individually and non-major funds in the aggregate for governmental funds. The District has only one governmental fund and reports it as a major governmental fund as follows:

Governmental Fund Type:

General Fund – The primary fund of the District is used to account for all revenue and expenditures of the District not legally restricted as to use.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be collectible when it is collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers property taxes and other revenue to be available in the period for which levied if it is collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue in the current period.

Cash and Investments – Cash deposits consist of demand deposits with financial institutions and cash held by fiscal agents.

Property Taxes – Calaveras County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The District considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

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

Capital Assets – Capital outlays are recorded as expenditures of the General Fund and as assets in the Statement of Net Position to the extent the District's capitalization threshold is met.

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings, structures and improvements	40
Equipment	5

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District Board. The District Board has the authority establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the District Board for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the District's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position – The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the District not restricted for any project or other purpose.

Budgetary Information – The District budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District is required to prepare and submit to the District Board the annual budget of the District and administer it after adoption. District Board approval is required for budget revisions that affect the total appropriations of the District.

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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The District pools its cash and investments with the County of Calaveras. The District uses the County of Calaveras as a fiscal agent for processing all cash receipts and cash disbursements. Although the County maintains separate fund accounts for the District, the cash is not segregated, but rather commingled with other County funds and investments.

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and Investments	<u>\$ 416,126</u>
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MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 2 – Cash and Investments (continued)

Cash and investments as of June 30, 2022 consist of the following:

County of Calaveras Pooled Cash	\$ 416,126
Total Cash and Investments	<u>\$ 416,126</u>

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District is considered to be an involuntary participant in an external investment pool, which is under the direct authority of the Calaveras County Treasurer and Tax Collector and governed by the California Government Code. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The District's only investments, which are allocated at fair value, are in the County of Calaveras Treasurer's Investment Pool. The County invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

Investments Authorized by the District's Investment Policy

The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 2 – Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2022 the District had the following investments.

<u>Investment Type</u>		<u>Maturity Date</u>
County of Calaveras Pooled Cash	\$ 416,126	N/A
Total	<u>\$ 416,126</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in external investment pools and are therefore exempt.

Custodial Credit Risk

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

MURPHYS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FIVE-YEAR PERIOD ENDED JUNE 30, 2022

Note 2 – Cash and Investments (Continued)

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies 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.

Note 3 – Capital Assets

Capital asset activity for the five-year period ended June 30, 2022, was as follows:

	Balance			Balance
	July 1, 2017	Additions	Retirements	June 30, 2022
Capital assets, not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated				
Buildings and improvements	21,610	-	-	21,610
Machinery and equipment	2,200	-	-	2,200
Total capital assets, being depreciated	<u>23,810</u>	<u>-</u>	<u>-</u>	<u>23,810</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,610)	-	-	(21,610)
Machinery and equipment	(2,200)	-	-	(2,200)
Total accumulated depreciation	<u>(23,810)</u>	<u>-</u>	<u>-</u>	<u>(23,810)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 – Subsequent Events

The District evaluated subsequent events for recognition and disclosure through September 30, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in such financial statements.