

**BYRON-BRENTWOOD-KNIGHTSEN  
UNION CEMETERY DISTRICT**

**Financial Statements  
& Required Supplementary Information  
With Independent Auditors' Report**

**For the Year Ended  
June 30, 2022**

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*For the Fiscal Year Ended June 30, 2022*  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Byron-Brentwood-Knightsen Union Cemetery District

### Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Byron-Brentwood-Knightsen Union Cemetery District (District) as of and for the fiscal year 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 and each major fund of the District as of June 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

### Responsibilities of Management for the Financial Statements

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government Auditing Standards*, we:

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

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

#### **Required Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 16, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



November 16, 2022

# **BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

## *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2022*

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Management's Discussion and Analysis (MD&A) offers readers of the Byron-Brentwood-Knightsen Union Cemetery District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- District's net position increased by approximately 3.8% compared to the prior fiscal year.
- The District experienced an increase in net position of \$149,960.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include three components: (1) Statement of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position and results of operations during the year ending June 30, 2022. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

### **REQUIRED FINANCIAL STATEMENTS**

#### **Statement of Net Position**

The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Assets exceed liabilities, resulting in a net position of \$4,059,013 as of June 30, 2022.

#### **Statements of Revenues, Expenses, and Changes in Net Position**

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities (sale of internment rights and burial services). General revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes). For the fiscal year ended June 30, 2022, net position increased by \$149,960.

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2022*

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**REQUIRED FINANCIAL STATEMENTS (continued)**

**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 keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION**

**Analysis of Net Position**

**Table A-1: Condensed Statement of Net Position**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
<b>ASSETS</b>			
Current assets	\$ 2,271,911	\$ 2,430,918	\$ (159,007)
Non-current assets	<u>2,599,501</u>	<u>2,060,676</u>	<u>538,825</u>
Total assets	<u>4,871,412</u>	<u>4,491,594</u>	<u>379,818</u>
<b>DEFERRED OUTFLOWS</b>	<u>1,421,189</u>	<u>(10,849)</u>	<u>1,432,038</u>
<b>LIABILITIES</b>			
Current liabilities	27,503	22,780	4,723
Non-current liabilities	<u>185,415</u>	<u>329,269</u>	<u>(143,854)</u>
Total liabilities	<u>212,918</u>	<u>352,049</u>	<u>(139,131)</u>
<b>DEFERRED INFLOWS</b>	<u>2,020,670</u>	<u>219,643</u>	<u>1,801,027</u>
<b>NET POSITION</b>			
Investment in capital assets	1,876,325	1,548,917	327,408
Restricted	449,019	443,979	5,040
Unrestricted	<u>1,733,669</u>	<u>1,916,157</u>	<u>(182,488)</u>
Total net position	<u>\$ 4,059,013</u>	<u>\$ 3,909,053</u>	<u>\$ 149,960</u>

At the end of the fiscal year, the District shows a balance in its unrestricted net position of \$1,733,669. The restricted assets increased because of an increased balance in the endowment fund. The Endowment Care Fund is restricted as it is not available for current use. Unrestricted assets increased due in large part to the increase in the District's net pension asset offset by capital asset additions.

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-2: Condensed Statements of Activities**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
<b>Program revenue</b>	\$ 338,008	\$ 302,440	\$ 35,568
<b>Expenses</b>	<u>1,009,309</u>	<u>804,567</u>	<u>204,742</u>
Net program expense	(671,301)	(502,127)	(169,174)
<b>General revenues</b>	<u>821,261</u>	<u>769,077</u>	<u>52,184</u>
Change in net position	149,960	266,950	(116,990)
<b>Net position</b>			
Beginning of year	3,909,053	3,642,103	266,950
End of year	<u>\$ 4,059,013</u>	<u>\$ 3,909,053</u>	<u>\$ 149,960</u>

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers to the nature and source of these changes. The main factors in the change in net position is increased revenue from service fees, charges, and property taxes which surpassed its expenses.

**Table A-3: Total Revenues**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
<b>Program revenues:</b>			
Charges for services	\$ 301,168	\$ 278,356	\$ 22,812
Endowment care fees	<u>36,840</u>	<u>21,375</u>	<u>15,465</u>
Total program revenues	<u>338,008</u>	<u>299,731</u>	<u>38,277</u>
<b>General revenues:</b>			
Property taxes	813,659	760,557	53,102
Other revenues	-	6,650	(6,650)
Investment earnings	<u>7,602</u>	<u>1,870</u>	<u>5,732</u>
Total general revenues	<u>821,261</u>	<u>769,077</u>	<u>52,184</u>
<b>Total revenues</b>	<u>\$ 1,159,269</u>	<u>\$ 1,068,808</u>	<u>\$ 90,461</u>

Total revenue from all sources increased by 8.5%, or \$90,461, from the prior year due to increases in property tax assessments and charges for services.

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-4: Total Expenses**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
<b>Expenses:</b>			
Salaries and employee benefits	\$ 717,491	\$ 459,339	\$ 258,152
Utilities	19,156	14,705	4,451
Services and supplies	233,707	308,551	(74,844)
Depreciation	<u>38,955</u>	<u>21,972</u>	<u>16,983</u>
Total expenses	<u>\$ 1,009,309</u>	<u>\$ 804,567</u>	<u>\$ 204,742</u>

Total expenses for the District's operations increased by 25.4%, or \$204,742, from the prior year due to increases in salaries/benefits cost due filling positions, the District's recognized pension benefit and by increases in services and supplies for maintenance and upkeep.

**CAPITAL ASSETS**

Net capital assets increased by \$327,408 from the prior year due to completing an irrigation and tree planting project and building/equipment additions offset by depreciation costs.

**Table A-5: Capital Assets at Year-End, Net of Depreciation**

	<u>Balance June 30, 2022</u>	<u>Balance June 30, 2021</u>
<b>Capital assets:</b>		
Land	\$ 1,205,758	\$ 1,205,758
Depreciable assets	1,135,261	768,898
Accumulated depreciation	<u>(464,694)</u>	<u>(425,739)</u>
Total capital assets, net	<u>\$ 1,876,325</u>	<u>\$ 1,548,917</u>

**ANALYSIS OF INDIVIDUAL DISTRICT FUNDS**

**General Operating Fund**

Total budgeted revenues for the fiscal year show expenditures outpacing revenues by \$24,000. The actual results for the year show expenditures exceeding revenues by \$202,034. Stronger than anticipated revenues and higher than expected general fund expenditures netted in an ending fund balance of \$1,035,705.



**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Individual District Funds**

**Endowment Care Fund**

The Endowment Care Fund increased by \$38,143 over the prior year. The principal portion of this fund is restricted and cannot be used for general operations. Thus, this fund will increase annually.

**Endowment Care Interest Fund**

The District can use the investment income portion of the Endowment Care Fund from the endowment principal and reported no activity for the year.

**Capital Projects Fund, Section "F" Reserve Fund and Capital Reserve Fund**

These funds have limited activity and are not earning interest. Resources are accumulated here for a board designated activity at some point in the future.

**FACTORS AFFECTING CURRENT FINANCIAL POSITION**

The District anticipates that the General Fund revenues and expenses for the fiscal year will be roughly the same as the prior year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Board of Trustees, citizens, customers, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact the Byron-Brentwood-Knightsen Union Cemetery District at 11545 Brentwood Blvd, Brentwood, CA 94513, (925) 634-4748.

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT***Statement of Net Position**June 30, 2022*

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,820,692
Due from County of Contra Costa:	
Property taxes	3,826
Interest	671
Prepaid expenses	63,681
Lease receivable	1,798
Investments	381,243
Non-current assets:	
Lease receivable	228,941
Net pension asset	494,235
Capital assets, net of accumulated depreciation	<u>1,876,325</u>
 Total assets	 <u>4,871,412</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources for pension	1,413,084
Deferred outflows of resources for OPEB	<u>8,105</u>
 Total deferred outflows of resources	 <u>1,421,189</u>
 <b>LIABILITIES</b>	
Accounts payable	27,503
Non-current liabilities:	
Due within one year - compensated absences	15,796
Due in more than one year - OPEB liability	<u>169,619</u>
 Total liabilities	 <u>212,918</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources for pension	1,789,931
Deferred inflows of resources for lease	<u>230,739</u>
 Total deferred inflows of resources	 <u>2,020,670</u>
 <b>NET POSITION</b>	
Net investment in capital assets	1,876,325
Restricted for:	
Nonexpendable	448,468
Expendable	551
Unrestricted	1,733,669
Net position	<u><u>\$ 4,059,013</u></u>

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT***Statement of Activities**For the Fiscal Year Ended June 30, 2022*

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	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Salaries and employee benefits	\$ 717,491
Utilities	19,156
Services and supplies	233,707
Depreciation	<u>38,955</u>
Total expenses	<u>1,009,309</u>
<b>PROGRAM REVENUES</b>	
Charges for current services	<u>338,008</u>
Net program revenues (expenses)	<u>(671,301)</u>
<b>GENERAL REVENUES</b>	
Property taxes	813,659
Investment income	<u>7,602</u>
Total general revenues	<u>821,261</u>
Change in net position	149,960
Net position, July 1, 2021	<u>3,909,053</u>
Net position, June 30, 2022	<u><u>\$ 4,059,013</u></u>

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2022*

	General Fund	Permanent Fund	Special Revenue Funds			Capital Project	Total Governmental Funds
		Endowment Care Fund	Endowment Care Interest Fund	Section "F" Reserve Fund	Pre-Need Fund	Capital Reserve Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 995,701	\$ 2,873	\$ 551	\$ 44,750	\$ 460,807	\$ 316,010	\$ 1,820,692
Investments	-	381,243	-	-	-	-	381,243
Prepaid expenses	63,681	-	-	-	-	-	63,681
Lease receivable	230,739	-	-	-	-	-	230,739
Due from County of Contra Costa							
Property taxes	3,826	-	-	-	-	-	3,826
Interest	-	671	-	-	-	-	671
Total assets	<u>\$ 1,293,947</u>	<u>\$ 384,787</u>	<u>\$ 551</u>	<u>\$ 44,750</u>	<u>\$ 460,807</u>	<u>\$ 316,010</u>	<u>\$ 2,500,852</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 27,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,503
Total liabilities	<u>27,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Leases	<u>230,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,739</u>
<b>FUND BALANCES</b>							
Nonspendable	63,681	384,787	-	-	-	-	448,468
Restricted	-	-	551	-	-	-	551
Assigned	-	-	-	44,750	460,807	316,010	821,567
Unassigned	<u>972,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>972,024</u>
Total fund balances	<u>1,035,705</u>	<u>384,787</u>	<u>551</u>	<u>44,750</u>	<u>460,807</u>	<u>316,010</u>	<u>2,242,610</u>
Total liabilities and fund balances	<u>\$ 1,293,947</u>	<u>\$ 384,787</u>	<u>\$ 551</u>	<u>\$ 44,750</u>	<u>\$ 460,807</u>	<u>\$ 316,010</u>	<u>\$ 2,500,852</u>

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

*Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position*

*June 30, 2022*

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**Total fund balances - governmental funds** \$ 2,242,610

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

Cost of capital assets:	2,341,019	
Accumulated depreciation:	<u>(464,694)</u>	
Capital assets, net of depreciation		1,876,325

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:

Deferred outflows of resources - pension	1,413,084
Deferred inflows of resources - pension	(1,789,931)
Deferred outflows of resources - OPEB	8,105
Net pension liability/asset	494,235
Net OPEB liability	(169,619)
Compensated absences	<u>(15,796)</u>

**Total net position - governmental activities** \$ 4,059,013

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

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

*For the Fiscal Year Ended June 30, 2022*

	General Fund	Permanent Fund	Special Revenue Funds			Capital Project	Total Governmental Funds
		Endowment Care Fund	Endowment Care Interest Fund	Section "F" Reserve Fund	Pre-Need Fund	Capital Reserve Fund	
<b>REVENUES</b>							
Property taxes	\$ 813,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 813,659
Charges for current services	301,168	36,840	-	-	-	-	338,008
Investment income	6,252	1,350	-	-	-	-	7,602
Total revenues	1,121,079	38,190	-	-	-	-	1,159,269
<b>EXPENDITURES</b>							
Current:							
Salaries and employee benefits	703,934	-	-	-	-	-	703,934
Utilities	19,156	-	-	-	-	-	19,156
Services and supplies	233,660	47	-	-	-	-	233,707
Capital outlay	366,363	-	-	-	-	-	366,363
Total expenditures	1,323,113	47	-	-	-	-	1,323,160
Net change in fund balances	(202,034)	38,143	-	-	-	-	(163,891)
<b>FUND BALANCE</b>							
Balances, July 1, 2021	1,237,739	346,644	551	44,750	460,807	316,010	2,406,501
Balances, June 30, 2022	\$ 1,035,705	\$ 384,787	\$ 551	\$ 44,750	\$ 460,807	\$ 316,010	\$ 2,242,610

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2022*

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**Net change in fund balances - total governmental funds** \$ (163,891)

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net pension expense	(157,411)
Net OPEB expense	130,215
Compensated absences	13,639

Governmental funds report capital outlay as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	366,363	
Depreciation expense	(38,955)	
Net:		<u>327,408</u>

**Change in net position - governmental activities** \$ 149,960

# **BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

## *Notes to Financial Statements*

*June 30, 2022*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Description of Organization**

The Byron-Brentwood-Knightsen Union Cemetery District (the District) is a public cemetery district operating under the provisions of the Health and Safety Code Sections 8890 et seq. The District was established in 1928 to provide maintenance and preservation of an existing cemetery, which had been established in 1878. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of three members appointed by the County Supervisors. Each member serves a term of four years; there are no term limits for reappointment.

#### **Reporting Entity**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows:

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the District and any of its component units. Component units are legally separate entities of which the District is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the District's operations, so the accounts of these entities are to be combined with the data of the District. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. However, the District has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately, compared to business-type activities, which rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

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



# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Government-Wide and Fund Financial Statements (continued)**

Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, payments for services, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 120 days after yearend, except for contracts for services which are recognized at the time the contract is signed. Property taxes and investment income are susceptible to accrual. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Permanent funds account for assets for which the principal may not be spent.

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

**General Fund:** This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for services, rents, property taxes, and interest. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Trustees.

**Endowment Care Fund:** This fund is used to account for financial resources to be used for future maintenance of the Cemetery at such time when all lots have been sold and there is no longer revenue generated from such sales. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. The principal must be preserved intact. Endowment Fund is in accordance with Section 9065(e) of the California Health and Safety Code.

**Pre-Need Trust Fund:** This fund accounts for funds received on account from cemetery customers whom are prepaying internment services. The prepayments received on accounts accrue interest. The interest is used to cover inflationary increases to burial costs when used.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports the following major governmental funds (continued):

**Capital Reserve Fund** This fund is used to account for purchasing equipment or general capital improvement as needed. The amount of money transferred to this fund is determined by the amount of funds not used by the District at the end of each fiscal year.

The District reports the following non-major governmental funds which are shown in the fund financial statements on the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances individually:

**Section F Reserve Fund:** This fund is used to account for improvements in the Section F portion of the cemetery. This is a \$500 surcharge on each grave sold in Section F and \$50 for each niche and burial in the Vista Diablo ossuary.

**Endowment Care Interest Fund:** Established to account for the income earned on principal from the Endowment Care Fund and available to be used for regular cemetery operations.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

#### Budgetary Data

Health and Safety Code Section 9070(a) states that on or before August 30 of each year, the board of trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with § 1031.1) of, and Article 1 (commencing with § 1121) of Subchapter 4 of Division 2 of Title 2 of the California Code of Regulations. The board of trustees may divide the annual budget into categories, including, but not limited to maintenance and operation, employee compensation, interest and redemption for indebtedness, as well as reserves (for endowment income fund, capital outlay, pre-need, contingencies, and unallocated general reserve).

The District follows these procedures in establishing budgetary data reflected in the Required Supplementary Information – Budgetary Comparison Schedule. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget. The General Fund is the only Fund for which an annual budget is legally adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board then considers the proposed budget at its regular meeting, which is open to the public.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes mandate the District maintain substantially all of its cash in the Contra Costa County Treasury. The County's investment pool operates in accordance with appropriate state laws and regulations. The fair value of the District's position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost plus accrued interest, multiplied by the District's percentage at the date of such withdrawal. The County Treasurer's investments, including U.S. Treasury and Agency securities, are carried at fair value based on current market prices. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value.

The District has adopted GASB Statement No. 72, Fair Value Measurement and Application; investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Mutual funds are carried at fair value based on the funds' share price. Local agency obligations are carried at fair value based on the value of each participating dollar.

#### Receivables and Allowance for Doubtful Accounts

Contracts for services include both preneed and at-need receivables to be collected. The accounts are evaluated on an annual basis to determine those that may not be collectable using the specific identification method. The allowance for accounts receivable is based on those accounts that have been identified as uncollectable that must be approved by the District's Board of Trustees to be written-off. At June 30, 2022 there was no allowance for accounts receivable.

#### Inventory

Inventory of preneed supplies and fuel is valued at the lower of cost or market using the first-in/first-out method. The costs of government fund-type inventories are recorded as expenditures when consumed rather than when purchased.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life of five years or more. 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.

Capital assets are depreciated using the straight-line method over the estimated useful lives. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and Improvements	20-40 years
Machinery, Vehicles, and Equipment	10-15 years

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

*Notes to Financial Statements*

*June 30, 2022*

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## NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Interfund Balances and Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as due to/from other funds (i.e. current portion of interfund loans). Interfund transfers occur because the District receives charges for services through the special revenues funds and transfers these funds to the general fund as expenditures are incurred or due to contractual requirements.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Currently, the District has deferred inflows/outflows of resources for its pension plan, leases, and postemployment benefits plan.

### **Net Position**

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints 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 "net investment in capital assets" or "restricted".

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

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2022

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## NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- **Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaid assets, and lease receivable in excess of deferred inflow of resources.
- **Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.
- **Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.
- **Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.
- **Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose.

When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

### Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Compensated absences expected to be paid with expendable available resources are accrued and recorded as liabilities and expenditures of the general fund. Amounts not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

*Notes to Financial Statements*

*June 30, 2022*

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## **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Contra Costa Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Contra Costa Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

### **Pension**

The District follows *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* which became applicable as of July 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes.

### **Other Postemployment Benefits (OPEB)**

The District follows *GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as of July 1, 2017. This statement requires accrual-based measurement and recognition of the cost of postemployment benefits during the periods when employees render their services.

GASB 75 requires the reported results must pertain to liability and asset information within certain defined timeframes.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reported period. Actual results could differ from those estimates.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, are reported at fair value and consisted of the following:

External Investment Pool - Cash in Contra Costa County Treasury	\$	1,820,692
State of California Local Agency Investment Fund (LAIF)		<u>381,243</u>
Total cash and investments	\$	<u><u>2,201,935</u></u>

California statutes authorize governments to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. For the year ended June 30, 2022, the District's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	5 years
U.S. Agency Securities	5 years
Insured or Collateralized Certificates of Deposit	5 years
State of California Local Agency Investment Fund	N/A
Local Government Investment Pools	N/A
Money Market Funds	N/A
Passbook Savings and Money Market Accounts	N/A

### Pooled Funds

The District maintains balances of cash in the County Treasury in each of its funds at June 30, 2022. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 2 – CASH AND INVESTMENTS (continued)

#### Pooled Investments

The District maintains deposits in the State's Local Agency Investment Fund (LAIF). Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

The LAIF, although not registered with the SEC, is a special fund of the California State Treasury through which local governments may pool investments and is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The District balance approximated fair value and was managed by the State Treasurer. The Board consists of five members as designated by State Statute.

The fair value 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 LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

#### Custodial Credit Risk – Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District 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 credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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.

#### Concentration of Credit Risk

The District's investment policy places limits on the amounts the District may invest in any one issuer or type of investment and as of June 30, 2022, and the District was in compliance with its investment policy.

#### Investment Valuation

The District categorizes the fair value measurements 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. The District does not have any investments that are measured using either Level 1 or Level 3 inputs. The fair value 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 LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.



**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2022

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

Investments' fair value measurements are as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
External Investment Pool	\$ -	\$ 1,820,692	\$ -	\$ 1,820,692
Local Agency Investment Fund	-	381,243	-	381,243
	<u>\$ -</u>	<u>\$ 2,201,935</u>	<u>\$ -</u>	<u>\$ 2,201,935</u>

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2022:

	<u>General Fund</u>	<u>Endowment Care Fund</u>
Due from County of Contra Costa:		
Property taxes	\$ 3,826	\$ -
Interest	-	671
	<u>          </u>	<u>          </u>
Total	<u>\$ 3,826</u>	<u>\$ 671</u>

**NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

	<u>General Fund</u>
Accounts payable	\$ 12,789
Accrued payroll	14,714
	<u>          </u>
	<u>\$ 27,503</u>

## BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2022

#### NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,205,758	\$ -	\$ -	\$ 1,205,758
Total capital assets not being depreciated	<u>1,205,758</u>	<u>-</u>	<u>-</u>	<u>1,205,758</u>
<b>Capital assets being depreciated:</b>				
Building & improvements	578,169	324,175	-	902,344
Equipment & Machinery	190,729	42,188	-	232,917
Total capital assets being depreciated	<u>768,898</u>	<u>366,363</u>	<u>-</u>	<u>1,135,261</u>
<b>Accumulated depreciation for:</b>				
Building & improvements	(254,678)	(28,335)	-	(283,013)
Equipment & Machinery	(171,061)	(10,620)	-	(181,681)
Total accumulated depreciation	<u>(425,739)</u>	<u>(38,955)</u>	<u>-</u>	<u>(464,694)</u>
Total capital assets being depreciated, net	<u>343,159</u>	<u>327,408</u>	<u>-</u>	<u>670,567</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 1,548,917</u>	<u>\$ 327,408</u>	<u>\$ -</u>	<u>\$ 1,876,325</u>

Depreciation expense amounted to \$38,955 for the fiscal year ended June 30, 2022. The district has no estimated costs remaining on the current contracts.

#### NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in the Golden State Risk Management Authority (GSRMA) risk management programs for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from GSRMA.

#### NOTE 7 – NON-CURRENT LIABILITIES

A schedule of changes in non-current liabilities for the fiscal year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 29,435	\$ -	\$ 13,639	\$ 15,796	\$ 15,796

## BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

### Notes to Financial Statements

Years Ended June 30, 2022

#### NOTE 8 – FUND BALANCE

At June 30, 2022, fund balances of the District's governmental funds were classified as follows:

	General Fund	Permanent Fund	Special Revenue Funds			Capital Projects Fund	Total
		Endowment Care Fund	Endowment Care Interest Fund	Section F Reserve Fund	Pre-Need Fund	Capital Reserve Fund	
Nonspendable:							
Endowment principal	\$ -	\$ 384,787	\$ -	\$ -	\$ -	\$ -	\$ 384,787
Prepaid expenditures	63,681	-	-	-	-	-	63,681
Total Nonspendable	63,681	384,787	-	-	-	-	448,468
Restricted:							
Cemetery maintenance	-	-	551	-	-	-	551
Total Restricted	-	-	551	-	-	-	551
Assigned:							
Section F reserves	-	-	-	44,750	-	-	44,750
Capital projects	-	-	-	-	-	316,010	316,010
Pre-need reserves	-	-	-	-	460,807	-	460,807
Total Assigned	-	-	-	44,750	460,807	316,010	821,567
Unassigned:							
Unassigned balances	972,024	-	-	-	-	-	972,024
Total Unassigned	972,024	-	-	-	-	-	972,024
<b>Total</b>	<b>\$1,035,705</b>	<b>\$ 384,787</b>	<b>\$ 551</b>	<b>\$ 44,750</b>	<b>\$ 460,807</b>	<b>\$ 316,010</b>	<b>\$2,242,610</b>

#### NOTE 9 – COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTIES

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Investment securities are exposed to various risks such as interest rate, market and credit. The financial markets in recent months have shown heightened volatility and the markets are significantly down. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term could materially affect investment balances and the amounts reported in the financial statements. Additionally, many mutual funds invest in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies.

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

Years Ended June 30, 2022

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### NOTE 10 – PENSION PLAN

#### General Information about the Pension Plan

**Plan Description** – The District participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer defined benefit pension plan. Contra Costa County adopted this plan under the County Employees' Retirement Law of 1937. The plan provides for retirement, disability, death and survivor benefits. Annual cost-of-living adjustments to retirement benefits can be granted by the Retirement Board as provided by state statutes. The plan issues stand-alone financial statements as of December 31, which can be directly obtained from its offices at 1355 Willow Way, Suite 221, Concord, California 94520.

**Benefits Provided** – CCCERA provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Contra Costa or participating agencies become members of CCCERA effective on the first day of the first full pay period after employment. Part-time employees in permanent positions must work at least 20 hours a week in order to be a member of CCCERA.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Legacy</u>	<u>PEPRA</u>
Benefit Formula	1.67% @55	1.00% @52
Benefit Vesting Schedule	Minimum of 5 Years	Minimum of 5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	52
Monthly Benefits (% of Eligible Compensation)	1.67%-2.61%	1.00%-2.50%
Required Employee Contribution Rates	10.20%-15.05%	13.19%
Required Employer Contribution Rates	17.40%	12.54%

**Contributions** – The County of Contra Costa and participating agencies 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 CCCERA's actuary after the completion of the annual actuarial valuation. The District's employer contribution rate for the fiscal year beginning July 1, 2020 (based on the December 31, 2021 valuation) was 10.20-15.05% of compensation for legacy and 13.19% of compensation for PEPRA.

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - Employer	\$ 38,630
Contributions - Employee	36,770

# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

Years Ended June 30, 2022

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### NOTE 10 – PENSION PLAN (continued)

#### Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported a net pension asset of \$494,235 for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	-0.061%
Proportion - June 30, 2022	<u>0.203%</u>
Change - Increase (Decrease)	<u>0.264%</u>

For the year ended June 30, 2022, the District recognized pension benefit of \$130,215. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 16,635	\$ -
Differences between actual and expected experience	104,387	11,196
Changes in assumptions	349,396	42,917
Change in employer's proportion and differences between the employer's contributions and employer's proportionate share of contributions	942,666	153,092
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>1,582,726</u>
Total	<u>\$ 1,413,084</u>	<u>\$ 1,789,931</u>

## BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

### Notes to Financial Statements

Years Ended June 30, 2022

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#### NOTE 10 – PENSION PLAN (continued)

During the fiscal year, \$16,635 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	
2023	\$ 31,917
2024	(289,779)
2025	(32,246)
2026	(103,374)

**Actuarial Assumptions** – The total pension liabilities in the December 31, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Legacy	PEPRA
Valuation Date	December 31, 2020	December 31, 2020
Measurement Date	December 31, 2021	December 31, 2021
Actuarial Cost Method	Entry-Age	Entry-Age
Actuarial Assumptions:		
Discount Rate	7.00%	7.00%
Inflation	2.50%	2.50%
Projected Salary Increase	3.5%-14.0%	3.5%-14.0%
Investment Rate of Return	6.75%	6.75%
Mortality	MP-2021 Healthy Annuitant Mortality Table	MP-2021 Healthy Annuitant Mortality Table

**Discount Rate** – The discount rate used to measure the total pension liability and net pension liability was 6.75% as of December 31, 2021. The projection of cash flows used to determine the discount rate 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 Pension 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 of 6.75% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of December 31, 2021.

## BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

### Notes to Financial Statements

Years Ended June 30, 2022

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#### NOTE 10 – PENSION PLAN (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.75% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 1.15% of the projected beginning plan fiduciary net position amount. An investment return excluding administrative expenses would have been 7.90%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CCCERA checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	10%	5.40%
Small Cap Equity	3%	6.17%
Developed International Equity	10%	6.13%
Emerging Markets Equity	9%	8.17%
Core Fixed	4%	0.39%
Short-Term Govt/Credit	14%	-0.014%
Cash & Equivalents	3%	-0.73%
Private Equity	15%	10.83%
Private Credit	13%	5.93%
Infrastructure	3%	6.30%
Value Add Real Estate	5%	7.20%
Opportunistic Real Estate	5%	8.50%
Risk Parity	3%	3.80%
Hedge Funds	3%	2.40%
Total	<u>100%</u>	

## BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

Notes to Financial Statements

Years Ended June 30, 2022

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### NOTE 10 – PENSION PLAN (continued)

#### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate

1% Decrease	5.75%
Net Pension Liability	\$(191,182)
Current Discount Rate	6.75%
Net Pension Liability	\$(494,235)
1% Increase	7.75%
Net Pension Liability	\$(742,455)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CCCERA financial reports.

### NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

#### Plan Description

The District administers a single employer defined benefit healthcare plan. The District provides postretirement health care benefits under PEMHCA. The District policy is to fund the Plan on a pay as you go basis, which covers only current cost of health insurance premiums for employees and retirees. The District placed a cap on the dollar amount of employer paid (medical) premiums. The District covers a maximum \$600 (monthly) for employee/retiree. The retiree is responsible for any costs in excess of this cap.

At July 1, 2021, membership consisted of two active plan members, and three inactive plan members or beneficiaries currently receiving benefits.

The District’s Net OPEB Liability was measured as of June 30, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2021 (June 30, 2021). Standard actuarial update procedures were used to project/discount from valuation to measurement dates. All costs and liabilities under the plan were determined in accordance with the Alternative Measurement Method (AMM) prescribed by GASB 75 for employers with under 100 plan participants.



# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to Financial Statements

Years Ended June 30, 2022

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### NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued):

#### Actuarial Methods and Other Inputs

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount rate	1.92%
Long-term expenditure return	N/A
Inflation rate	2.25%
Mortality	Based on assumptions for General members used in the 12/31/2020 CCCERA actuarial valuation
Health cost trend rate	6.70% gradually decreasing to 3.70% in FY2075
Employer cap	Employer contribution is capped at \$600/month

The discount rate was based on the Fidelity 20-year Municipal GO AA Index rate for 20-year, tax exempt municipal bonds

#### Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability:

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2021</b>	<b>\$ 299,834</b>
<b>Changes for the year:</b>	
Service cost	17,710
Interest	7,686
Differences between expected and actual experience	(156,717)
Changes in assumptions	8,802
Changes in benefit terms	-
Benefit payments	(7,696)
Net changes	(130,215)
<b>Balance at June 30, 2022</b>	<b>\$ 169,619</b>

#### Sensitivity of the net OPEB liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

	1% Decrease 0.92%	Discount Rate 1.92%	1% Increase 2.92%
District's OPEB Plan	\$ 190,673	\$ 169,619	\$ 151,848

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

*Notes to Financial Statements*

*Years Ended June 30, 2022*

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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued):**

**Sensitivity of net OPEB liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease 5.70%	Healthcare Cost Trend Rates 6.70%	1% Increase 7.70%
District's OPEB Plan	\$ 158,761	\$ 169,619	\$ 179,481

**OPEB Expense and Deferred Outflows of Resources related to OPEB:**

For the year ended June 30, 2022, the District recognized OPEB expense of \$130,215.

The GASB 75 Alternative Measurement Method requires immediate expense recognition of changes due to experience and assumptions. Only investment gains and losses are amortized, and this does not apply to unfunded plans. The only applicable deferred outflow for this plan is contributions between the measurement date and reporting date. At June 30, 2022, the District reported deferred outflows of resources related to contributions subsequent to the measurement date of \$8,105.

**NOTE 12 – PROPERTY TAXES**

Property taxes allocated to the District for the year ended June 30, 2022, were as follows:

<b>Current:</b>	
Secured	\$ 774,736
Unsecured	19,016
Tax relief subventions	4,197
<b>Prior:</b>	
Secured	(2,069)
Unsecured	245
Supplemental	(849)
<b>Redevelopment</b>	<u>18,383</u>
<b>Total</b>	<u>\$ 813,659</u>

## **BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**

*Notes to Financial Statements*

*Years Ended June 30, 2022*

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### **NOTE 13 – LEASES**

#### **Agricultural Lease Receivable**

In August 2020, the District entered into a lease with a crop farmer. Under the lease, the crop farmer pays the District between \$8,050 and \$17,088 based on a 2% escalation in rates beginning in year 5. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%. During the fiscal year ended June 30, 2022, the District recognized \$1,798 of lease revenue and \$6,252 of interest revenue under the lease.

### **NOTE 14 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2022 have been evaluated through November 16, 2022, the date at which the District's audited financial statements were available to be issued.

The following subsequent event was noted:

#### **OPEB Benefits Discontinuance**

During the 2007-08 fiscal year, the district approved Resolution 01-2007 which established an employer contribution for each active or retired employee or survivor shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of \$600 per month. Employees were notified on July 7, 2021 that the District would be ending retiree medical coverage effective December 31, 2021. Since the announcement was made after the measurement date of June 30, 2021, the change will be reflected in the subsequent financial statements.

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***Required Supplementary Information***

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**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2022*

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 720,000	\$ 720,000	\$ 813,659	\$ 93,659
Charges for current services	234,000	234,000	301,168	67,168
Investment income	-	-	6,252	6,252
<b>Total revenues</b>	<b>954,000</b>	<b>954,000</b>	<b>1,121,079</b>	<b>167,079</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and employee benefits	608,400	608,400	703,934	(95,534)
Utilities	19,800	19,800	19,156	644
Services and supplies	349,800	349,800	233,660	116,140
Capital outlay	-	-	366,363	(366,363)
<b>Total expenditures</b>	<b>978,000</b>	<b>978,000</b>	<b>1,323,113</b>	<b>(345,113)</b>
Net change in fund balances	(24,000)	(24,000)	(202,034)	(178,034)
<b>FUND BALANCE</b>				
Balances, July 1, 2021	1,237,739	1,237,739	1,237,739	
Balances, June 30, 2022	<u>\$1,213,739</u>	<u>\$1,213,739</u>	<u>\$1,035,705</u>	

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Schedule of the District's Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2022*

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	<u>0.203%</u>	<u>-0.061%</u>	<u>-0.017%</u>	<u>0.004%</u>	<u>0.004%</u>	<u>0.005%</u>	<u>0.010%</u>	<u>0.006%</u>
Proportionate Share of the Net Pension Liability	<u>(494,235)</u>	<u>(281,020)</u>	<u>(147,526)</u>	<u>52,348</u>	<u>29,395</u>	<u>75,800</u>	<u>147,774</u>	<u>66,340</u>
Covered Payroll	<u>285,814</u>	<u>196,739</u>	<u>216,414</u>	<u>192,930</u>	<u>166,890</u>	<u>226,811</u>	<u>213,336</u>	<u>213,716</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>-172.92%</u>	<u>-142.84%</u>	<u>-68.17%</u>	<u>27.13%</u>	<u>17.61%</u>	<u>33.42%</u>	<u>69.27%</u>	<u>31.04%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>121.93%</u>	<u>119.25%</u>	<u>109.10%</u>	<u>85.09%</u>	<u>91.18%</u>	<u>95.67%</u>	<u>91.43%</u>	<u>95.83%</u>

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Schedule of the District's Pension Contributions*  
*For the Fiscal Year Ended June 30, 2022*

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 38,630	\$ 28,790	\$ 47,474	\$ 52,206	\$ 42,422	\$ 61,739	\$ 71,254	\$ 67,740
Contributions in Relation to the Actuarially Determined Contributions	<u>(38,630)</u>	<u>(28,790)</u>	<u>(47,474)</u>	<u>(52,206)</u>	<u>(42,422)</u>	<u>(61,739)</u>	<u>(71,254)</u>	<u>(67,740)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$285,814</u>	<u>\$196,739</u>	<u>\$216,414</u>	<u>\$192,930</u>	<u>\$166,890</u>	<u>\$226,811</u>	<u>\$213,336</u>	<u>\$213,716</u>
Contributions as a Percentage of Payroll	<u>13.52%</u>	<u>14.63%</u>	<u>21.94%</u>	<u>27.06%</u>	<u>25.42%</u>	<u>27.22%</u>	<u>33.40%</u>	<u>31.70%</u>

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Schedule of Changes in the Net OPEB Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2022*

	<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>
<b>Total OPEB liability</b>					
Service costs	\$ 17,710	\$ 14,517	\$ 10,775	\$ 10,344	\$ 11,073
Interest	7,686	8,496	8,498	7,989	6,801
Differences between expected and actual experience	(156,717)	696	6,917	914	-
Changes in assumptions	8,802	23,243	14,601	(1,620)	(17,941)
Changes in benefit terms	-	-	-	-	-
Benefit payments	(7,696)	(8,096)	(7,598)	(7,822)	(7,554)
<b>Net change in total OPEB liability</b>	<u>(130,215)</u>	<u>38,856</u>	<u>33,193</u>	<u>9,805</u>	<u>(7,621)</u>
<b>Total OPEB liability - beginning</b>	<u>299,834</u>	<u>260,978</u>	<u>227,785</u>	<u>217,980</u>	<u>225,601</u>
<b>Total OPEB liability - ending</b>	<u>\$ 169,619</u>	<u>\$ 299,834</u>	<u>\$ 260,978</u>	<u>\$ 227,785</u>	<u>\$ 217,980</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 7,696	\$ 8,096	\$ 7,598	\$ 7,822	\$ 7,554
Benefits paid	(7,696)	(8,096)	(7,598)	(7,822)	(7,554)
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB liability, beginning of year</b>	<u>299,834</u>	<u>260,978</u>	<u>227,785</u>	<u>217,980</u>	<u>225,601</u>
<b>Net OPEB liability, end of year</b>	<u>\$ 169,619</u>	<u>\$ 299,834</u>	<u>\$ 260,978</u>	<u>\$ 227,785</u>	<u>\$ 217,980</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Covered-employee payroll</b>	<u>\$ 285,814</u>	<u>\$ 250,265</u>	<u>\$ 250,265</u>	<u>\$ 249,945</u>	<u>\$ 243,757</u>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<u>59.35%</u>	<u>119.81%</u>	<u>104.28%</u>	<u>91.13%</u>	<u>89.43%</u>



# BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT

## Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

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### NOTES TO SCHEDULE

#### Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

#### Excess of Expenditures Over Appropriations

At June 30, 2022, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule.

<u>Appropriations Category</u>	<u>Amount</u>
Current:	
Salaries and employee benefits	\$ 95,534
Capital outlay	366,363

#### Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), and the plans' fiduciary net position. In the future, as data become available, ten years of information will be presented.

- **Change in Benefit Terms:** There were no changes in benefit terms since the previous valuation.
- **Changes in Assumptions:** There were no changes in economic assumption for the plan from previous valuation.

#### Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data become available, ten years of information will be presented.

#### Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- **Change in Benefit Terms:** There were no changes in benefit terms since the previous valuation.
- **Changes in Assumptions:** The plan rate of investment return assumption was changed from 2.45% to 1.92% since the previous valuation.

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***Other Independent Auditors' Report***

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

To the Board of Trustees  
Byron-Brentwood-Knightsen Union Cemetery District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron-Brentwood-Knightsen Union Cemetery District as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Byron-Brentwood-Knightsen Union Cemetery District's basic financial statements, and have issued our report thereon dated November 16, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Byron-Brentwood-Knightsen Union Cemetery District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Byron-Brentwood-Knightsen Union Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Byron-Brentwood-Knightsen Union Cemetery District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and recommendations as Finding 2022-001 to be a significant deficiency.

**Compliance and Other Matters**

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

**District's Response to Findings**

Byron-Brentwood-Knightsen Union Cemetery District's response to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Byron-Brentwood-Knightsen Union Cemetery District's responses were not subjected to the auditing procedures applied to the audit of financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kevin Ruffalo CPA". The signature is written in a cursive style with a large initial "K" and "R".

November 16, 2022

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## ***Findings and Recommendations***

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**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Schedule of Audit Findings and Recommendations*  
*For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**Finding 2022-001: Policies and Procedures**

**Findings:** Our audit procedures involve obtaining and evaluating various policies and procedures. During our audit, we noted the District could benefit from establishing formal policies in applicable accounting areas such as payroll, disbursements, receipting, capitalization threshold, fund balances, etc. Although the District may have informal policies in these areas, we believe the District could benefit from a more formal and comprehensive policy and procedures manual, approved by the governing board. They would provide detailed guidance to employees, especially given the small size of the District. This will help to ensure consistency in these areas, even if there is staff turnover.

Accounting Policies and Procedures:

Communication is an essential component of a comprehensive framework of internal controls. One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency.

The documentation of accounting policies and procedures should be evaluated and updated periodically, as necessary. It should be readily accessible to all applicable employees. An accounting policies and procedures manual should indicate which employees are to perform which procedures. It should delineate the authority and responsibility of all employees. Procedures should be described as they are intended to be performed, rather than in some idealized form. The documentation of accounting policies and procedures should explain the design and purpose of control related procedures to increase employee understanding.

Analysis of County Funds:

The District maintains six separate funds with the County Treasurer. Three of those six funds (Section "F" Reserve, Pre-Need, and Capital Reserve) are not being actively used. These funds have been idle without any activity occurring within them for many years. The District should determine a plan for these funds that identifies needs and the associated future funding source.

**Recommendation:** We recommend the District develop and establish formal policies and procedures as discussed above. The policies and procedures should be developed by appropriate personnel and approved by the governing board. The District should consider GFOA's recommended practices and other resources during the process.

The District should develop formal accounting policies, procedures manuals and prepare a schedule of routine accounting tasks that need to be performed each month, quarter and at the close of the fiscal and calendar years, as applicable.

- The schedule should include a detailed description of the required analysis and adjustments, along with due dates for the various procedures.
- The schedule should include provisions for signoffs, indicating when the applicable procedures were performed and reviewed as necessary.

**BYRON-BRENTWOOD-KNIGHTSEN UNION CEMETERY DISTRICT**  
*Schedule of Audit Findings and Recommendations*  
*For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2022-001: Policies and Procedures (continued)**

Additionally, we recommend that the District perform an analysis of its funds held with the County Treasurer. Funds that are simply holding earmarked monies should be closed unless in violation of a law or district policy.

**Views of Responsible Officials:**

The District agrees with the finding and has the following plan:

- 1) The District will invest the funds with the bank or agency that will give the District the best interest rate on investing and for the construction loan.
- 2) The District is currently working on an accounting policy and procedures manual and plans to have it ready for Board approval at an upcoming meeting.