



ADAIR & EVANS

an Accountancy Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alta Cemetery District
Dinuba, California

We have audited the accompanying statements of net position of Alta Cemetery District (the District) as of June 30, 2019, and the related statement of changes in fund balance/net position for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *State Controller's Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alta Cemetery District, as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information contained in Schedules I through IV as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These Activity Summaries have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adair & Evans

Tulare, California
September 20, 2019

Alta Cemetery District
Smith Mountain Cemetery
June 30, 2019

**2018-2019 AUDIT
REPORT**

Management's Discussion
and Analysis

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the cemetery as a whole and present a longer-term view of the cemetery's finances. For governmental activities, fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the cemetery's operations in more detail than the government-wide statements by providing information about the cemetery's most significant funds. Since cemeteries are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. The District has elected to present in this format.

The Alta Cemetery District was formed in 1940 and operates under the California Health & Safety Code regarding public cemetery districts. The District is governed by a Board of Directors which is appointed by the Tulare County Supervisors. The District has a full time manager, 2 part-time office employees, and 6 full-time employees who are responsible for providing burial services and upkeep of the cemetery grounds.

The District's Smith Mountain cemetery encompasses approximately 46 acres and has a potential of 20,000 grave sites in the current developed 28 acres. The District is also one of the few Public Cemeteries that have an existing mausoleum with available crypts for burial. The contracted agreement for the development of the south 15 acres was completed during the later months of 2006. This gated fenced area, with latent plans for 24,000+ burial sites, is accented by cement curbed asphalt drives, flood control pond and planed designed landscaping. The district currently has 3 of the 15 acres available for burials.

The District is an endowment care facility. Additional funds are collected with each burial and are reserved in a separate fund for the future maintenance and upkeep of the District facilities.

As a public cemetery, the District receives an allocation of property tax revenue from Tulare and Fresno counties (a small portion of the District property is in Fresno County). The District received \$221,489 in the current fiscal year in property tax allocations. These funds are used to augment the burial service fees to cover the current operating costs of the District.

The District also has a number of "preneed" agreements in place. The agreements require the District to provide burial services to the parties in the agreement. The District has reserved payments under these preneed contracts under a separate fund to ensure that there are adequate funds to cover burial costs. The District has 130 open preneed contracts. At current burial fees, the required funds would be \$236,258. The District currently has \$413,875 in its unreserved preneed fund.

Discussion of the basic financial statements:

Statement of Net Position and the Statement of Activities

One of the most important questions asked about the cemetery's finances is, "Is the cemetery as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the cemetery as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the cemetery's net position and changes in them. You can think of the cemetery's net position — the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources — as one way to measure the cemetery's financial health, or financial position. Over time, increases or decreases in the cemetery's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the cemetery's number of burials and the condition of cemetery property, to assess the overall health of the cemetery.

In the Statement of Net Position and the Statement of Activities, the cemetery presents Governmental activities. All of the cemetery's basic services are reported here.

Fund Financial Statements

The fund financial statements provide detailed information about the general fund—not the cemetery as a whole. The cemetery presents three governmental funds: the General Fund, the Endowment Fund and the Preneed Fund. All of the cemetery's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The endowment fund reports endowment care funds received for the future maintenance of the cemetery. Fees charged for endowment care are reserved for future use while interest earned on the funds is unreserved and available for use by the District. This fund is required by the California Health and Safety Code. The preneed fund reports funds accumulated under preneed contracts which are expended as services are provided.

The funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The fund statements provide a detailed short-term view of the cemetery's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the cemetery's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

The following condensed financial information is provided:

Condensed Statement of Net Position

	General Fund	Endowment Care Fund	Preneed Fund	Totals
Assets	\$ 1,030,654	\$ 2,161,836	\$ 434,314	\$ 3,626,804
Deferred Outflows of Resources	0	0	0	0
Total Assets and Deferred Outflows of Resources	<u>\$ 1,030,654</u>	<u>\$ 2,161,836</u>	<u>\$ 434,314</u>	<u>\$ 3,626,804</u>
Current Liabilities	68,367	0	20,439	88,806
Long-Term Liabilities	20,000	0	0	20,000
Total Liabilities	88,367	0	20,439	108,806
Deferred Inflows of Resources	0	0	0	0
Net Position	<u>942,287</u>	<u>2,161,836</u>	<u>413,875</u>	<u>3,517,998</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,030,654</u>	<u>\$ 2,161,836</u>	<u>\$ 434,314</u>	<u>\$ 3,626,804</u>

Condensed Statement of Governmental Fund Revenues, Expenses and Changes in Net Position

	General Fund	Endowment Care Fund	Preneed Fund	Totals
Total revenues	\$ 931,996	\$ 98,024	\$ 8,639	\$ 1,038,659
Total expenditures	(812,448)	0	0	(812,448)
Transfers	5,003	0	(5,003)	0
Net increase / (decrease) in net position	<u>\$ 124,551</u>	<u>\$ 98,024</u>	<u>\$ 3,636</u>	<u>\$ 226,211</u>

Management comments on the condensed financial information:

It is the opinion of District management that the District continues to be in excellent financial condition. The District has sufficient assets to cover liabilities and has adequate cash flow to meet current obligations.

The District's total net position increased from the prior year by \$226,211. The District continues to charge burial fees in an adequate amount to cover current operating costs.

Condensed budget comparison:

The District prepares an annual budget of projected revenue and expenditures. The District's board of directors reviews and adopts the budget as an operating guideline for the year. A condensed version of the budget is presented below:

	<i>General Fund</i>		<i>Endowment Care Fund</i>		<i>Preneed Fund</i>	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues	\$770,600	\$931,996	\$1	\$98,024	\$ 1	\$ 8,639
Expenditures	(1,178,401)	(804,100)	0	0	0	0
(Deficiency) Excess Revenue over Expenditures	\$(407,801)	\$127,896	\$13,000	\$98,024	\$1	\$ 8,639

Management comments on budget results:

District revenues are variable due to the burial options chosen by families and the number of interments during the year. Price and burial increases during the current year reflected greater than expected revenues.

District expenditures for salaries and repairs and maintenance were less than anticipated.

Interest earned during this fiscal period for Endowment Care and Preneed funds was more than anticipated.

End of year balances reflect adequate net position to meet the needs of the District.

Management comments on current year burial services:

The District burial numbers for the past five years are presented below:

Burials July 1 st through June 30 th for Fiscal Year Ending	
2019	263
2018	285
2017	246
2016	255
2015	241

The District has adequate property to provide continued burial services for a number of future years.

Current burial fees of the District are summarized as follows:

Ground burials	\$ 3,056.00 - \$ 5,670.00
Mausoleum crypts	\$ 3,675.00 - \$ 7,472.00
Cremation ground	\$ 2,043.00 - \$ 3,312.00

Management comments on the investment of District funds:

The responsibility for the accounting and investment of District funds resides with the Board of Directors. The Board is limited in its investment choices by the applicable sections of the California Health and Safety code. Currently the District keeps its excess funds with the County of Tulare. These funds are managed by the County to achieve an adequate return with minimal risk.

Management comments on capital assets and long-term debt:

The District's capital assets consist of land, buildings and equipment. The land comprises approximately 46 acres, of which, 28 acres of land has previously been engineered to provide burial plots. An additional 15 acres development was completed in 2006 for additional burial sites. The District's buildings include the District office, mausoleum and miscellaneous other service structures. The District has various types of equipment to provide burial services.

Management comments on reserved funds:

The District has funds reserved for future maintenance and upkeep of the District property. This reserve, referred to as Endowment Care, is required under the California Health and Safety code. The reserve is comprised of endowment care funds collected for each burial service performed. These funds are transferred to a separate fund, maintained by Tulare County. The current reserved Endowment care funds are over \$1,270,889. The fund earns interest each year, which is maintained in an unreserved account and is available for use by the District. The current unreserved portion is over \$890,947.

The District also maintains a separate reserve fund for preneed contracts. These funds are comprised of amounts received under the District's preneed agreements and are only utilized when a contract 'expires' (burial services are performed under the agreement). Once a contract expires, these funds are transferred from the preneed fund to the general fund. The District has approximately \$4,13,875 in its preneed fund after amounts due to other funds. Open preneed contracts are valued at \$236,258 using current burial rates.

The District also provides miscellaneous general fund reserves for inventory purchases.

The basic financial statements and notes follow this management discussion and analysis.

Alta Cemetery District

Governmental Funds Balance Sheet / Statement of Net Position June 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS	General Fund	Endowment Care Fund	Preneed Fund	Totals	Adjustments (Note 8)	Statement of Net Position
Cash	\$ 142,360	\$ 9,347	\$ 0	\$ 151,707	\$ 0	\$ 151,707
Due from other fund	20,439	0	0	20,439	0	20,439
Inventory	6,430	0	0	6,430	0	6,430
Investments	861,425	2,152,489	434,314	3,448,228	0	3,448,228
Capital assets, net of accumulated depreciation	0	0	0	0	1,084,030	1,084,030
Total assets	<u>1,030,654</u>	<u>2,161,836</u>	<u>434,314</u>	<u>3,626,804</u>	<u>1,084,030</u>	<u>4,710,834</u>
DEFERRED OUTFLOWS OF RESOURCES	0	0	0	0	0	0
Total assets and deferred outflows of resources	<u>\$ 1,030,654</u>	<u>\$ 2,161,836</u>	<u>\$ 434,314</u>	<u>\$ 3,626,804</u>	<u>\$ 1,084,030</u>	<u>\$ 4,710,834</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES	\$ 5,355	\$ 0	\$ 0	\$ 5,355	\$ 0	\$ 5,355
Accounts payable	1,947	0	0	1,947	0	1,947
Sales tax payable	0	0	20,439	20,439	0	20,439
Due to other fund	9,065	0	0	9,065	0	9,065
Accumulated compensated absences	40,000	0	0	40,000	0	40,000
Contract payable	12,000	0	0	12,000	0	12,000
Settlement payable	68,367	0	20,439	88,806	0	88,806
Total current liabilities						
Long-Term Liabilities:						
Settlement payable	20,000	0	0	20,000	0	20,000
Accumulated compensated absences	0	0	0	0	142,784	142,784
Total long-term liabilities	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>142,784</u>	<u>162,784</u>
Total liabilities	<u>88,367</u>	<u>0</u>	<u>20,439</u>	<u>108,806</u>	<u>142,784</u>	<u>251,590</u>
DEFERRED INFLOWS OF RESOURCES	0	0	0	0	0	0
FUND BALANCES / NET POSITION						
Reserved for inventories	6,430	0	0	6,430	(6,430)	0
Reserved for Endowment Care	0	1,270,889	0	1,270,889	(1,270,889)	0
Unreserved	935,857	890,947	413,875	2,240,679	(2,240,679)	0
Total fund balances	<u>942,287</u>	<u>2,161,836</u>	<u>413,875</u>	<u>3,517,998</u>	<u>(3,517,998)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,030,654</u>	<u>\$ 2,161,836</u>	<u>\$ 434,314</u>	<u>\$ 3,626,804</u>		

Net Position

Investment in capital assets, net of related debt
Restricted for Endowment Care
Unrestricted

\$ 1,084,030	\$ 1,084,030
1,270,889	1,270,889
2,104,325	2,104,325
\$ 4,459,244	\$ 4,459,244

Total net position

Total liabilities, deferred inflows and net position

Alta Cemetery District

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities For the year ended June 30, 2019

	General Fund	Endowment Care Fund	Prereed Fund	Totals	Adjustments (Note 8)	Statement of Activities
REVENUES						
Property taxes, including penalties and interest	\$ 221,489	\$ 0	\$ 0	\$ 221,489	\$ 0	\$ 221,489
Fees and services	689,319	55,986	0	745,305	0	745,305
Use of money, interest	16,488	42,038	8,639	67,165	0	67,165
Other	4,700	0	0	4,700	0	4,700
Total revenues	931,996	98,024	8,639	1,038,659	0	1,038,659
EXPENDITURES						
Salaries, employee benefits and payroll taxes	539,197	0	0	539,197	(7,362)	531,835
Clothing and uniforms	7,096	0	0	7,096	0	7,096
Communications	3,864	0	0	3,864	0	3,864
Purchases of grave liners and vaults	38,500	0	0	38,500	0	38,500
Household expense	13,232	0	0	13,232	0	13,232
Insurance	16,834	0	0	16,834	0	16,834
Repairs, maintenance, and grounds	44,117	0	0	44,117	0	44,117
Membership	504	0	0	504	0	504
Office expense	13,580	0	0	13,580	0	13,580
Professional and legal costs	17,213	0	0	17,213	0	17,213
Transportation and travel	1,696	0	0	1,696	0	1,696
Utilities	18,263	0	0	18,263	0	18,263
Repurchase of graves	2,452	0	0	2,452	0	2,452
Capital Outlay	70,060	0	0	70,060	(70,060)	0
Depreciation		0	0	0	85,770	85,770
County admin fee	3,861		0	3,861	0	3,861
Fees	13,581	0	0	13,581	0	13,581
Miscellaneous	50	0	0	50	0	50
Total expenditures	\$ 804,100	\$ 0	\$ 0	\$ 804,100	\$ 8,348	\$ 812,448

Alta Cemetery District

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities For the year ended June 30, 2019

	General Fund	Endowment Care Fund	Prereed Fund	Totals	Adjustments (Note 8)	Statement of Activities
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 127,896	\$ 98,024	\$ 8,639	\$ 234,559	\$ (8,348)	\$ 226,211
OTHER FINANCING (USES) SOURCES						
Transfers	5,003	0	(5,003)	0	0	0
Total other financing (uses) sources	5,003	0	(5,003)	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	132,899	98,024	3,636	234,559	(234,559)	0
Change in net position						
Fund balances / Net position, beginning of year	809,388	2,063,812	410,239	3,283,439	226,211	226,211
Fund balances / Net position, end of year	\$ 942,287	\$ 2,161,836	\$ 413,875	\$ 3,517,998	\$ 0	\$ 4,233,033
						\$ 4,459,244

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies

The District operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code. The District operates under a Directors-Manager form of government and provides cemetery services to the general public. The District's Board of Directors is appointed by the Tulare County Board of Supervisors.

The accounting policies of the District conform to generally accepted accounting principles as applicable to government agencies. The following is a summary of the more significant provisions:

1. The Reporting Entity

For financial reporting purposes, the reporting entity includes all funds and authorities for which the District holds corporate powers. The Governmental Accounting Standards Board (GASB) has established criteria in determining financial accountability. The criteria include appointment of a majority of the voting members of an organization's governing board, and either (1) the District has the ability to impose its will on the organization, or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.

These financial statements represent the Alta Cemetery District, the primary government. The District is a legally separate entity which possesses the power to tax and assess fees on property. The District is considered a California Special District and is subject to California laws and regulations, including the Health and Safety Code as applicable to Public Cemeteries. Neither Tulare County nor Fresno County exercise significant controlling power over the District. Accordingly the District is not considered a component unit of either County. Further, the District has no component units; it has not created any separate political subdivisions and does not exercise any political or financial control over any other entity.

2. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenditures. Government resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types as follows:

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except for those specifically required to be accounted for in another fund.

Endowment Care Fund - The Endowment Care Fund is a special revenue fund used to account for the endowment care revenues and expenditures. The District is required by law to maintain this fund. The purpose of this fund is to provide sufficient funds to properly maintain the cemetery grounds once all available grave sites have been used. The District currently has not been required to expend any funds for endowment care because the Cemetery still has available grave sites to be sold.

Preneed Fund - The Preneed Fund is used to account for funds that are held by the District and used for burial expenditures incurred by the District in fulfilling preneed contracts.

3. Basis of Presentation - Government Wide and Fund Financial Statements

Government wide financial statements are comprised of the statement of net position and the statement of activities. They contain information on all the activities of the primary government and are presented on the accrual basis of accounting. The statement of net position and statement of activity include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activity regardless of when cash is received or paid.

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

3. Basis of Presentation – Government Wide and Fund Financial Statements (Continued)

The fund financial statements are comprised of the governmental funds balance sheet and the statement of governmental revenues, expenditures and changes in fund balances. These statements reflect the activity of the various governmental funds of the District and are accounted for on the modified accrual basis of accounting. Assets expected to be used up, deferred outflows of resources and deferred inflows of resources in existence, and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

4. Net Position

Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances and unspent debt proceeds related to the acquisition, construction, or improvement of the capital assets.
- Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints included those imposed by debt indentures, grants or law and regulations of other governments, by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net amount of assets, deferred outflows of resources, liabilities, and deferred inflows that do not meet the definition of restricted or net investment in capital assets.

5. Basis of Accounting

The basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current position. Gross receipts and taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

6. Budgets and Budgetary Accounting

The District follows these procedures in establishing budgetary data reflected in these financial statements:

- a. Formal budgets are established and approved by the Tulare County Board of Supervisors for all fund types. These budgets are used as a management control device and are adopted on a basis consistent with generally accepted accounting principles.
- b. The budgetary comparison schedule - budget and actual present comparisons of legally adopted budgets with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with generally accepted accounting principles, no additional reconciliation is required.
- c. The Tulare County Board of Supervisors approves total budget appropriations only. The District's Board of Directors can authorize transfers between departments in any fund.
- d. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

6. Budgets and Budgetary Accounting (Continued)

- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

7. Cash and Investments

The District follows the practice of pooling cash investments of all funds with the County Treasurer, except for investments of the Endowment Care Fund and Imprest Funds.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - All deposits with financial institutions must be collateralized if deposits are uninsured. The District's deposits were all fully insured by the Federal Deposit Insurance Corporation.

Investments - The District is authorized to make investments of endowment care funds. The types of investments are limited to those allowed by Chapter 4, Article 1 of the California Government Code.

Cash and investment information is summarized in Notes 2 and 3.

8. Property, Plant, and Equipment

The District's property, plant, and equipment are recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisitions and replacements are charged to operating expenses as incurred. Interest cost incurred that is related to the construction of property is capitalized.

Depreciation is computed on the straight line method using the following estimated useful lives:

Buildings and Improvements	15 - 40 Years
Equipment	5 - 20 Years

All property, plant, and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. The District has no donated assets.

9. Inventory

Inventory consists of grave liners and vaults held for future use. Inventories are stated at the lower of cost or market accounted for on the consumption method.

10. Accumulated Compensated Absences

The employees are limited to an accumulated maximum of 480 hours of sick leave with the exception of employees hired prior to 1985 who are limited to an accumulated maximum of 600 hours of sick leave. The District manager has a separate agreement for three weeks of vacation time. Accrued compensated absences have been provided for based on each employee's accumulated vacation and sick leave at June 30, 2019, at the employee's current pay rate.

11. Revenue Recognition - Property Taxes

Real property taxes attach as an enforceable lien on property five years from the end of the applicable tax year. Unsecured property taxes attach as an enforceable lien after the penalty date, which varies depending upon when the unsecured taxes were billed. Taxes are levied on March 1, and are due and payable at that time. One half of the unpaid real property taxes levied March 1, become delinquent December 10, of the current year and the remaining half become delinquent April 10, of the following year.

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

11. Revenue Recognition - Property Taxes (Continued)

In a prior year, Tulare County (tax collecting agency for the District), adopted the "Teeter Plan." The Teeter Plan is an alternative procedure for the distribution of property tax revenues under Revenue and Taxation Code Sections 4701 through 4717. The Teeter Plan provides for a buyout of prior secured taxes, and advance payments of the secured levy throughout the year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

12. Reserves of Net Position

The District records reserves, and also designates amounts, to indicate that a portion of the General Fund and Special Revenue Fund is segregated for specific future uses. All principal endowment care funds are reserved for future cemetery maintenance.

The District has reserved or designated the following amounts:

Inventory	\$ 6,430
Accrued compensated absences	151,849
Investment in capital assets, net of related debt	1,084,030
Endowment care	<u>1,270,889</u>
Total reserves and designations	<u>\$ 2,513,198</u>

Designated amounts for inventory are required because they do not represent "available spendable resources," even though they are a component of net current assets.

13. Subsequent Events

Subsequent events have been evaluated through September 20, 2019 which is the date the financial statements were available to be issued.

NOTE 2 - Cash

The District's cash at June 30, 2019, consisted of the following:

General Fund	\$ 142,360
Endowment Care Fund	\$ 9,347

The District's cash deposits are held at Rabobank, which at times may exceed federally insured limits. Accounts are insured under the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Amounts in excess of \$250,000 are collateralized by the pledged securities in accordance with the local agency deposit and security law and California government code.

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 3 - Investments

Investments at June 30, 2019, consisted of the following:

General Fund – Tulare County Investment Pool (net of warrants payable) ⁽¹⁾	\$ 858,207
General Fund – Fresno County Investment Pool ⁽¹⁾	\$ 3,218
Endowment Care – Tulare County Investment Pool ⁽¹⁾	\$ 2,152,489
Preneed Fund – Tulare County Investment Pool ⁽¹⁾	\$ 434,314

(1) The County Investment Pool funds are held by Tulare County and Fresno County and are pooled with other county agencies. The District relies upon information from the Counties to report the fair value of its funds held by the County. Any changes in the fair value of these funds are recorded as interest income in the District's financial statements. Funds in external investment pools are considered to not have any custodial credit risk. These investments are carried at the value reported by the County Investment Pool, net of warrants payable at June 30, 2019. Details of investments held in the Tulare County Investment Pool can be found at <http://www.tularecounty.ca.gov/treasurertaxcollector/index.cfm/treasurer/reports/monthly-quarterly-reports/>.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. Local financial institutions, under California state law, are required to collateralize local government agency deposits in excess of FDIC insured amounts of \$250,000 per institution. As of June 30, 2019, the District has no funds in excess of FDIC limits held at Rabobank. Investment funds are held by public agency investment pools and are considered not to have any custodial credit risk.

Interest Rate Risk – Investments

The District limits its investment to those allowed by the California Government Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

The District's investment policy is in accordance with the California Government Code. As of June 30, 2019, the District's investments were entirely held in County investment pools, the majority in Tulare County. The credit ratings for the investments held in the investment pools are available in the investment reports issued by the investment pools. For Tulare County, the majority of assets are held in AA or AAA (Moody's rating) investments.

Concentration of Credit Risk

The District diversifies its investment by institution to avoid risk of loss resulting from over concentration of assets in a specific institution.

NOTE 4 - Capital Assets

The following is a summary of the changes in Capital Assets:

Cost:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land	\$ 480,275	\$ 0	\$ 0	\$ 480,275
Buildings & improvements	1,734,124	1,728	0	1,735,852
Equipment	289,145	68,331	0	357,476
Total	<u>\$ 2,503,544</u>	<u>\$ 70,059</u>	<u>\$ 0</u>	<u>\$ 2,573,603</u>

See independent auditors' report

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 4 - Capital Assets (Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Accumulated Depreciation:				
Buildings & improvements	\$ 1,157,366	\$ 73,362	\$ 0	\$ 1,230,728
Equipment	246,438	12,407	0	258,845
Total	<u>\$ 1,403,804</u>	<u>\$ 85,770</u>	<u>\$ 0</u>	<u>\$ 1,489,573</u>

NOTE 5 - Amount Due From (To) Other Fund

As of June 30, 2019, the District has not scheduled transfers totaling \$20,439 between the preneed fund and general fund. These funds are comprised of "expired" preneed contracts, which include performed burial services during the prior and current fiscal years. Once a contract expires, these funds are to be transferred from the preneed fund to the general fund.

NOTE 6 - Amount to be Provided for Preneed Contracts

As of June 30, 2019, the District had 130 preneed contracts outstanding. The value of these contracts at current service and fee prices totals \$236,258. The amount available in the preneed fund after amounts due to other funds exceeds this amount by \$177,617.

NOTE 7 - Adjustments

The following adjustments to the Governmental Funds Balance Sheet/Statement of Net Position and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities consist of:

1. The adjustments for capital assets, net of accumulated depreciation (Note 4) are added to the Statement of Net Position in the amount of \$1,084,030.
2. Accumulated compensated absences in the amount of \$142,784 are now reported as long-term liabilities and are added to the Statement of Net Position.
3. Various fund balances, reserved or designated by the Board of Directors have been eliminated and are now reported as a component of Net Position.
4. Fees and services for preneed contracts are comprised of amounts collected under the District's preneed agreements and are only utilized when a contract expires. These funds are adjusted in the Statement of Activities.
5. Current year accrued compensated absences are reported as a component of current year salaries and employee benefits and are adjusted in the Statement of Activities.
6. Current year capital acquisitions are eliminated from the Statement of Activities and are reported as additions to fixed assets.
7. Current year depreciation expense is reported as an addition to the Statement of Activities.
8. Proceeds from long term debt are eliminated in the Statement of Net Position.

Alta Cemetery District
Notes to Audited Financial Statements
June 30, 2019

NOTE 7 – Adjustments (Continued)

9. The District's prior fiscal year ending June 30, 2018 fund balance in the amount of \$4,233,033 includes the following items:
- a. Investment in capital assets, net of related debt in the amount of \$1,099,740.
 - b. Reserved funds for Endowment Care in the amount of \$1,224,459.
 - c. The amount to be provided for inventory, accumulated compensated absences, and unreserved funds are a component of unreserved net position in the amount of \$1,908,834.

NOTE 8 – Fair Value Disclosure

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The district utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the District's own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are as follows:

Investment Pool – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, and other investments. The fair values of the securities are generally based on quoted market prices

	Fair value as of June 30, 2019		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
Investment Pool – Tulare and Fresno County	\$ 0	\$ 3,448,228	\$ 3,448,228
	\$ 0	\$ 3,448,228	\$ 3,448,228

NOTE 9 – Settlement Payable

The district settled a lawsuit in the amount of \$100,000. An initial payment of \$50,000 was made to the plaintiff with \$1,000 payments due monthly thereafter. Final payment will be made in February, 2022.

SUPPLEMENTARY INFORMATION

Alta Cemetery District
Schedule I - Budgetary Comparison Schedule
For the year ended June 30, 2019

	General Fund		Variance- Favorable
	Budget	Actual	(Unfavorable)
REVENUES			
Property taxes, including penalties and interest	\$ 111,600	\$ 221,489	\$ 109,889
Fees and services	650,000	689,319	39,319
Use of money, interest	9,000	16,488	7,488
Other	0	4,700	4,700
Total revenues	770,600	931,996	161,396
EXPENDITURES			
Salaries, employee benefits and payroll taxes	592,000	539,197	52,803
Clothing and uniforms	7,500	7,096	404
Communications	4,000	3,864	136
Purchases of grave liners and vaults	120,000	38,500	81,500
Household expense	15,000	13,232	1,768
Insurance	20,000	16,834	3,166
Repairs, maintenance, and grounds	80,000	44,117	35,883
Membership	1,500	504	996
Office expense	15,000	13,580	1,420
Professional and legal costs	60,000	17,213	42,787
Transportation and travel	6,500	1,696	4,804
Utilities	20,000	18,263	1,737
Repurchase of graves	5,000	2,452	2,548
Capital Outlay	100,000	70,060	29,940
Fees	31,901	13,581	18,320
Miscellaneous	0	50	(50)
Contingencies	100,000	0	100,000
Total expenditures	1,178,401	804,100	374,301
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(407,801)	127,896	\$ 535,697
Other financing sources (uses)	0	5,003	
Net change in position	\$ (407,801)	132,899	
Fund balance, beginning of year		809,388	
Fund balance, June 30		\$ 942,287	

See independent auditors' report

Alta Cemetery District

Supplementary Information

June 30, 2019

SCHEDULE II - Property Tax Revenues

Current secured taxes	\$ 162,289
Current unsecured taxes	9,496
Prior year's taxes	2,884
Homeowners' property tax relief	1,477
Other tax revenue	<u>45,343</u>
Total property tax revenues	<u>\$ 221,489</u>

SCHEDULE III - Services and Fees Revenue

Burial fees, handling fees, stone setting	\$ 400,917
Sale of garden crypts and vaults	93,364
Sale of plots only	<u>195,038</u>
Total general fund fees and services	689,319
Endowment care fund	<u>55,986</u>
Total fees and services revenue	<u>\$ 745,305</u>

See independent auditors' report

Alta Cemetery District

Supplementary Information

June 30, 2019

SCHEDULE IV - Insurance Coverage

Insurance coverage of the District in force at June 30, 2019, is summarized as follows:

Property

Blanket buildings/contents/equipment	\$	1,383,772
Loss of income	\$	250,000
Extra expense	\$	250,000

Crime

Employee theft	\$	250,000
Forgery or alteration	\$	250,000
Theft of money and securities (inside the premises)	\$	250,000
Robbery/safe burglary (inside the premises)	\$	5,000
Outside the premises	\$	250,000
Computer fraud	\$	100,000
Funds transfer fraud	\$	100,000
Money orders	\$	100,000

General Liability

Each occurrence	\$	1,000,000
Premises medical payments (any one person)	\$	10,000
Personal and advertising injury	\$	1,000,000
General aggregate	\$	3,000,000
Products - completed operations aggregate	\$	3,000,000
Fire legal liability	\$	1,000,000

Public Officials and Management Liability

General aggregate	\$	3,000,000
Wrongful acts	\$	1,000,000
Action for injunctive relief	\$	5,000

Automobile

Owned automobile liability	\$	1,000,000
Uninsured motorists	\$	1,000,000
Underinsured motorists	\$	1,000,000
Medical expense (any one person)	\$	5,000