

BARSTOW CEMETERY DISTRICT

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

**For the Year Ended
June 30, 2018**

BARSTOW CEMETERY DISTRICT
For the Fiscal Year Ended June 30, 2018
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Barstow Cemetery District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund of Barstow Cemetery District (the District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

Basis for Qualified Opinion

Because of the inadequacy of accounting records for the current and prior fiscal year, we were unable to obtain sufficient appropriate audit evidence as more fully described in the Findings and Recommendations section of this report, the District failed to maintain certain supporting source documents for many disbursement transactions. Quantification of the effects of that departure on the financial statements is not practicable.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, 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 Barstow Cemetery District, as of June 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Correction of Error

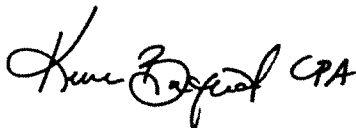
As discussed in Note 12 to the financial statements, there were certain items that occurred in the prior year net position that have been restated as of June 30, 2017, to more accurately reflect the substance of the underlying transactions. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information schedule of proportionate share of the net pension liability, schedule of pension contributions, and the notes to the required supplementary 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 October 13, 2021, 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 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.



October 13, 2021

BARSTOW CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2018

Management's Discussion and Analysis (MD&A) offers readers of the Barstow Cemetery District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2018. 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 decreased by approximately 2.4% compared to the prior fiscal year.
- The District experienced a decrease in net position of \$28,944.

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, 2018. 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 \$1,180,230- as of June 30, 2018.

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, 2018 net position decreased by \$28,944.

BARSTOW CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

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, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
ASSETS			
Current assets	\$ 922,783	\$ 913,233	\$ 9,550
Capital assets, net	<u>336,236</u>	<u>335,829</u>	<u>407</u>
Total assets	<u>1,259,019</u>	<u>1,249,062</u>	<u>9,957</u>
DEFERRED OUTFLOWS	<u>158,606</u>	<u>235,855</u>	<u>(77,249)</u>
LIABILITIES			
Current liabilities	5,315	28,495	(23,180)
Non-current liabilities	<u>224,209</u>	<u>225,929</u>	<u>(1,720)</u>
Total liabilities	<u>229,524</u>	<u>254,424</u>	<u>(24,900)</u>
DEFERRED INFLOWS	<u>7,871</u>	<u>21,319</u>	<u>(13,448)</u>
NET POSITION			
Investment in capital assets	336,236	335,829	407
Restricted	786,119	792,682	(6,563)
Unrestricted	<u>57,875</u>	<u>80,663</u>	<u>(22,788)</u>
Total net position	<u>\$ 1,180,230</u>	<u>\$ 1,209,174</u>	<u>\$ (28,944)</u>

At the end of the fiscal year, the District shows a balance in its unrestricted net position of \$57,875. The restricted assets decreased because of a decreased balance in the endowment fund. Unrestricted assets decreased which was due to the deficit spending from the General Fund.

BARSTOW CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
Program revenue	\$ 212,648	\$ 287,114	\$ (74,466)
Expenses	<u>410,087</u>	<u>442,174</u>	<u>(32,087)</u>
Net program expense	(197,439)	(155,060)	(42,379)
General revenues	<u>168,495</u>	<u>151,033</u>	<u>17,462</u>
Change in net position	(28,944)	(4,027)	(24,917)
Net position			
Beginning of year	1,209,174	1,213,201	(4,027)
End of year	<u>\$ 1,180,230</u>	<u>\$ 1,209,174</u>	<u>\$ (28,944)</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, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 195,230	\$ 260,098	\$ (64,868)
Endowment care fees	<u>17,418</u>	<u>27,016</u>	<u>(9,598)</u>
Total program revenues	<u>212,648</u>	<u>287,114</u>	<u>(74,466)</u>
General revenues:			
Property taxes	156,074	149,191	6,883
Operating contributions	7,121	202	6,919
Investment earnings	<u>5,300</u>	<u>1,640</u>	<u>3,660</u>
Total general revenues	<u>168,495</u>	<u>151,033</u>	<u>17,462</u>
Total revenues	<u>\$ 381,143</u>	<u>\$ 438,147</u>	<u>\$ (57,004)</u>

Total revenue from all sources decreased by 13.0%, or \$57,004, from the prior year due to decreases in charges for services.

BARSTOW CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-4: Total Expenses

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and employee benefits	\$ 281,100	\$ 232,591	\$ 48,509
Utilities	66,032	96,760	(30,728)
Services and supplies	50,938	102,666	(51,728)
Depreciation	12,017	10,157	1,860
	<u>\$ 410,087</u>	<u>\$ 442,174</u>	<u>\$ (32,087)</u>

Total expenses for the District's operations decreased by 7.3%, or \$32,087, from the prior year due to increases in salaries/benefits cost due to changes in staffing offset by decreases in services and supplies.

CAPITAL ASSETS

Net capital assets increased by \$407 from the prior year due to current year equipment acquisition offset by the depreciation costs during the fiscal year.

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

	<u>Balance June 30, 2018</u>	<u>Balance June 30, 2017</u>
Capital assets:		
Land	\$ 12,840	\$ 12,840
Depreciable assets	687,649	675,225
Accumulated depreciation	<u>(364,253)</u>	<u>(352,236)</u>
	<u>\$ 336,236</u>	<u>\$ 335,829</u>

ANALYSIS OF INDIVIDUAL DISTRICT FUNDS

General Operating Fund

Total budgeted revenues for the fiscal year show expenditures outpacing revenues by \$201,525. The actual results for the year show revenues exceeding expenditures by \$9,566. Significantly lower than expected general fund expenditures resulted in an ending fund balance of \$(32,005).

BARSTOW CEMETERY DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Individual District Funds

Endowment Care Fund

The Endowment Care Fund decreased by \$6,563 over the prior year. The principal portion of this fund is restricted and cannot be used for general operations. The decrease is due to the district transferring out portions of the interest earned on the principal portion.

Pre-Need Fund

The Pre-Need Fund increased by \$29,727 over the prior year. The District continued to account for pre-need sales within this fund for the fiscal year.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

The District is heavily reliant on generating at-need and pre-need sales to help operations. Any disruption in the number of services performed during a given year will have a dramatic impact on the level of spending the district can accommodate.

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 Barstow Cemetery District at 37067 Irwin Road, Barstow, CA 92311, (760) 256-2797.

BARSTOW CEMETERY DISTRICT*Statement of Net Position**June 30, 2018*

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 222,926
Accounts receivable	54,535
Investments	645,322
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>336,236</u>
Total assets	<u>1,259,019</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	<u>158,606</u>
LIABILITIES	
Current liabilities	
Accounts payable	5,315
Non-current liabilities:	
Due within one year - compensated absences	7,365
Due in more than one year - pension	<u>216,844</u>
Total liabilities	<u>229,524</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	<u>7,871</u>
NET POSITION	
Net investment in capital assets	336,236
Restricted for:	
Nonexpendable	786,119
Unrestricted	57,875
Net position	<u>\$ 1,180,230</u>

BARSTOW CEMETERY DISTRICT

Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Governmental Activities
EXPENSES	
Salaries and employee benefits	\$ 281,100
Utilities	66,032
Services and supplies	50,938
Depreciation	12,017
	<hr/>
Total expenses	410,087
	<hr/>
PROGRAM REVENUES	
Charges for current services	212,648
	<hr/>
Net program revenues (expenses)	(197,439)
	<hr/>
GENERAL REVENUES	
Property taxes	156,074
Investment income	5,300
Other revenues	7,121
	<hr/>
Total general revenues	168,495
	<hr/>
Change in net position	(28,944)
	<hr/>
Net position, July 1, 2017, as originally stated	1,337,879
	<hr/>
Adjustment for restatement (Note 12)	(128,705)
	<hr/>
Net position, July 1, 2017, as restated	1,209,174
	<hr/>
Net position, June 30, 2018	\$ 1,180,230
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BARSTOW CEMETERY DISTRICT
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Permanent Fund Endowment Care Fund	Special Revenue Fund Pre-Need Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 90,698	\$ 127,015	\$ 5,213	\$ 222,926
Investments	-	645,322	-	645,322
Due from other funds	-	13,782	103,606	117,388
Accounts receivable	-	-	54,535	54,535
Total assets	\$ 90,698	\$ 786,119	\$ 163,354	\$ 1,040,171
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,315	\$ -	\$ -	\$ 5,315
Due to other funds	117,388	-	-	117,388
Total liabilities	122,703	-	-	122,703
Fund balance				
Nonspendable	-	786,119	-	786,119
Assigned	-	-	163,354	163,354
Unassigned	(32,005)	-	-	(32,005)
Total fund balances	(32,005)	786,119	163,354	917,468
Total liabilities and fund balances	\$ 90,698	\$ 786,119	\$ 163,354	\$ 1,040,171

BARSTOW CEMETERY DISTRICT

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

June 30, 2018

Total fund balances - governmental funds \$ 917,468

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:	700,489	
Accumulated depreciation:	<u>(364,253)</u>	
Capital assets, net of depreciation		336,236

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	158,606
Deferred inflows of resources - pension	(7,871)
Net pension liability	(216,844)
Compensated absences	<u>(7,365)</u>

Total net position - governmental activities \$ 1,180,230

BARSTOW CEMETERY DISTRICT*Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**For the Fiscal Year Ended June 30, 2018*

	<u>General Fund</u>	<u>Permanent Fund Endowment Care Fund</u>	<u>Special Revenue Fund Pre-Need Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 156,074	\$ -	\$ -	\$ 156,074
Charges for current services	161,649	17,418	33,581	212,648
Other revenues	7,121	-	-	7,121
Investment income	360	4,848	92	5,300
Total revenues	<u>325,204</u>	<u>22,266</u>	<u>33,673</u>	<u>381,143</u>
EXPENDITURES				
Current:				
Salaries and employee benefits	215,324	-	3,695	219,019
Utilities	66,032	-	-	66,032
Services and supplies	50,687	-	251	50,938
Capital outlay	12,424	-	-	12,424
Total expenditures	<u>344,467</u>	<u>-</u>	<u>3,946</u>	<u>348,413</u>
OTHER FINANCING SOURCES/USES				
Operating transfers in	28,829	-	-	28,829
Operating transfers out	-	(28,829)	-	(28,829)
Total other financing sources/uses	<u>28,829</u>	<u>(28,829)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,566	(6,563)	29,727	32,730
FUND BALANCE				
Fund balances, July 1, 2017	<u>75,741</u>	<u>792,682</u>	<u>133,627</u>	<u>1,002,050</u>
Adjustment for restatement	(117,312)	-	-	(117,312)
Fund balances, July 1, 2017, as restated	<u>(41,571)</u>	<u>792,682</u>	<u>133,627</u>	<u>884,738</u>
Fund balances, June 30, 2018	<u>\$ (32,005)</u>	<u>\$ 786,119</u>	<u>\$ 163,354</u>	<u>\$ 917,468</u>

BARSTOW 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, 2018*

Net change in fund balances - total governmental funds \$ 32,730

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	(61,663)
Compensated absences	(418)

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	12,424	
Depreciation expense	<u>(12,017)</u>	
Net:		<u>407</u>

Change in net position - governmental activities \$ (28,944)

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Barstow 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 as a “for profit” cemetery in the 1930s. In the 1960s the County of San Bernardino took over operations of the cemetery and continues to operate it as a special district. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of five 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.

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

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

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(continued)

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.

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 San Bernardino 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 San Bernardino 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.

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2018

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, 2018 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. As of June 30, 2018, the district had no inventory balances.

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 \$1,000 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:

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

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

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.

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.

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

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

Pension

The District follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions as of July 1, 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Barstow Cemetery District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

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 and prepaid assets.
- **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.

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

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

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.

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.

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are reported at fair value and consisted of the following:

External Investment Pool - Cash in San Bernardino County Treasury	\$ 165,955
Deposits - Bank of America	21,798
Cash and Sweep balances - Wells Fargo Advisors	17,440
Cash on hand	<u>17,733</u>
Total cash and cash equivalents	<u>222,926</u>
Investments	<u>645,322</u>
Total cash and investments	<u>\$ 868,248</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, 2018, 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, 2018. 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, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2018, 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 Level 3 inputs.

The following presentation represents investment disclosures for investments held by the District as of June 30, 2018.

	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 150,353	\$ -	\$ 150,353
Government/Municipal bonds	-	185,699	-	185,699
Government Asset Backed/CMO Securities	-	17,213	-	17,213
Negotiable Certificates of Deposit	-	123,499	-	123,499
Mutual Funds	168,558	-	-	168,558
	<u>\$ 168,558</u>	<u>\$ 476,764</u>	<u>\$ -</u>	<u>\$ 645,322</u>

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

	<u>Pre-Need Fund</u>
Interest	\$ 253
Pre-Need Contracts	<u>54,282</u>
Total	<u>\$ 54,535</u>

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2018:

Accounts payable and accrued liabilities	<u>\$ 5,315</u>
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NOTE 5 – PROPERTY TAXES

Property taxes allocated to the District for the year ended June 30, 2018 were as follows:

Current:	
Secured	\$ 101,016
Unsecured	3,441
Supplemental	1,275
Tax relief subventions	1,019
Unitary	16,527
Prior:	
Secured	1,877
Unsecured	163
Supplemental	1,626
Unitary	13,627
Redevelopment	<u>15,503</u>
Total	<u>\$ 156,074</u>

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 12,840	\$ -	\$ -	\$ 12,840
Total capital assets not being depreciated	<u>12,840</u>	<u>-</u>	<u>-</u>	<u>12,840</u>
Capital assets being depreciated:				
Building & improvements	506,865	12,424	-	519,289
Equipment & Machinery	168,360	-	-	168,360
Total capital assets being depreciated	<u>675,225</u>	<u>12,424</u>	<u>-</u>	<u>687,649</u>
Accumulated depreciation for:				
Building & improvements	(187,182)	(10,634)	-	(197,816)
Equipment & Machinery	(165,054)	(1,383)	-	(166,437)
Total accumulated depreciation	<u>(352,236)</u>	<u>(12,017)</u>	<u>-</u>	<u>(364,253)</u>
Total capital assets being depreciated, net	<u>322,989</u>	<u>407</u>	<u>-</u>	<u>323,396</u>
Governmental activity capital assets, net	<u>\$ 335,829</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ 336,236</u>

Depreciation expense for cemetery operations amounted to \$12,017 for the fiscal year ended June 30, 2018. The district has no estimated costs remaining on the current contracts.

NOTE 7 – 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, 2018, the District was insured with the American Alternative Insurance Corporation for general liability, property damage, employee dishonesty, and automobile liability. Preferred Employers Insurance Company provides the District with worker's compensation insurance for all employees in extra or full time positions. Unemployment insurance is provided through the State of California's Employment Development Department. 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.

NOTE 8 – NON-CURRENT LIABILITIES

A schedule of changes in non-current liabilities for the fiscal year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Additions	Decreases	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 6,947	\$ 418	\$ -	\$ 7,365	\$ 7,365

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2018

NOTE 9 – FUND BALANCE

At June 30, 2018, fund balances of the District's governmental funds were classified as follows:

	<u>General Fund</u>	<u>Permanent Endowment Fund</u>	<u>Special Revenue Pre-Need Fund</u>	<u>Total</u>
Nonspendable:				
Endowment principle	\$ -	\$ 786,119	\$ -	\$ 786,119
Total Nonspendable	-	786,119	-	786,119
Assigned:				
Pre-need reserves	-	-	168,978	168,978
Total Assigned	-	-	168,978	168,978
Unassigned:				
Unassigned balances	(32,005)	-	-	(32,005)
Total Unassigned	(32,005)	-	-	(32,005)
 Total	 \$ (32,005)	 \$ 786,119	 \$ 168,978	 \$ 923,092

NOTE 10 – 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.

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

Years Ended June 30, 2018

NOTE 11 – PENSION PLAN

Plan Description, Benefits Provided and Employees Covered

All qualified permanent and probationary employees are eligible to participate in the Barstow Cemetery District Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of an individual rate plan within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans within the miscellaneous pools are not separate plans under GASB Statement No. 68.

Individual employers may sponsor more than one rate plan in the miscellaneous pools. Barstow Cemetery District sponsors two rate plans (Classic and PEPRAs). Benefit provisions under the Plan are established by State statute and Barstow Cemetery District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found at CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and will be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2018 were \$43,417.

For the measurement period ended June 30, 2017 (the measurement date), the active employee contribution rate is 6.500 percent of annual pay, and the employer's contribution rate is 7.809 percent (6.930 percent for PEPRAs) of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis.

BARSTOW CEMETERY DISTRICT*Notes to Financial Statements**Years Ended June 30, 2018***NOTE 11 – PENSION PLAN (continued)****Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a net pension liability of \$216,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. 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 participants actuarially determined.

At June 30, 2018, the District's net pension liability as a proportion of the miscellaneous pool was 0.005501%. The District recognized pension expense of \$55,217 for the year ended June 30, 2018. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and proportionate share of employer contributions	\$ 27,079	\$ 1,014
Changes in proportions	53,603	3,634
Changes of assumptions	27,720	-
Differences between expected and actual experiences	-	3,223
Net differences between projected and actual earnings on plan investments	6,787	-
Contributions made subsequent to the measurement date	43,417	-
Total	<u>\$ 158,606</u>	<u>\$ 7,871</u>

The \$43,417 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 66,046
2020	28,313
2021	16,988
2022	(4,029)
	<u>\$ 107,318</u>

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

Years Ended June 30, 2018

NOTE 11 – PENSION PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age & Service
Investment Rate of Return	7.5% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table (1)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov under Forms and Publications.

Change in Assumption

There were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The discount rate was changed from 7.65 percent (net of administrative expense) to 7.15. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2018

NOTE 11 – PENSION PLAN (continued)

The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Taking in to account historical returns of all the Public Employees Retirement Funds' asset classes which includes the agent plan and two cost-sharing plans for PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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 geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10^(a)</u>
Global Equity	47%	4.9%
Fixed Income	19%	0.8%
Inflation Assets	6%	0.6%
Private Equity	12%	6.6%
Real Estate	11%	2.8%
Infrastructure and Forest Land	3%	3.9%
Liquidity	2%	-0.4%

(a) Expected Inflation of 2.5% was used for this period

(b) Expected Inflation of 3.0% was used for this period

BARSTOW CEMETERY DISTRICT

Notes to Financial Statements

Years Ended June 30, 2018

NOTE 11 – PENSION PLAN (continued)

Sensitivity of the District's 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 calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 315,760
Current Discount Rate	7.15%
Net Pension Liability	\$ 216,844
1% Increase	8.15%
Net Pension Liability	\$ 134,920

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial report. The District did not report a payable outstanding for contributions to the pension plan required for the year ended June 30, 2018.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss: Net differences between projected and actual earnings on pension plan investments (5 year straight-line amortization) and all other amounts (Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period).

BARSTOW CEMETERY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2018

NOTE 12 – CORRECTION OF AN ERROR OF PRIOR YEAR NET POSITION

Certain items that occurred in the prior year net position have been restated as of June 30, 2017 to more accurately reflect the substance of the underlying transactions. Previously the District did not properly reflect their associated assets, liabilities and deferred items related to their pension. Additionally, the district was unable to substantiate their inventory balance as of June 30, 2017.

The following table lists the reasons for the restatements.

Net Position - July 1, 2017, as originally stated	\$ 1,337,879
Understatement of net pension liability	(218,982)
Understatement of deferred outflows of resources - pension	235,855
Understatement of deferred inflows of resources - pension	(21,319)
Understatement of compensated absences	(6,947)
Overstatement of inventory	<u>(117,312)</u>
Net Position - July 1, 2017, as restated	<u><u>\$ 1,209,174</u></u>

General Fund Balance - July 1, 2017, as originally stated	\$ 75,741
Overstatement of inventory	<u>(117,312)</u>
General Fund Balance - July 1, 2017, as restated	<u><u>(41,571)</u></u>

NOTE 13 – NEGATIVE FUND BALANCE

At June 30, 2018, the District had a negative fund balance in its General Fund (\$32,007). The negative fund balance in the General Fund was caused by the owing amounts to its other funds. At June 30, 2018, the General Fund owed \$103,606 to the Pre-Need Fund and \$13,782 to the Endowment Fund.

NOTE 14 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2018 have been evaluated through October 13, 2021, the date at which the District's audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.

Required Supplementary Information

BARSTOW CEMETERY DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 144,030	\$ 144,030	\$ 156,074	\$ 12,044
Charges for current services	350,000	350,000	161,649	(188,351)
Investment & other revenues	10,345	10,345	7,481	(2,864)
Total revenues	504,375	504,375	325,204	(179,171)
EXPENDITURES				
Current:				
Salaries and employee benefits	296,400	296,400	215,324	81,076
Utilities	111,000	111,000	66,032	44,968
Services and supplies	131,000	131,000	50,687	80,313
Capital outlay	167,500	167,500	12,424	155,076
Total expenditures	705,900	705,900	344,467	361,433
OTHER FINANCING SOURCES/USES				
Operating transfers in	-	-	28,829	28,829
Total other financing sources/uses	-	-	28,829	28,829
Net change in fund balances	(201,525)	(201,525)	9,566	211,091
FUND BALANCE				
Balances, July 1, 2017, as restated	75,741	75,741	(41,571)	
Balances, June 30, 2018	<u>\$ (125,784)</u>	<u>\$ (125,784)</u>	<u>\$ (32,005)</u>	

BARSTOW CEMETERY DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net Pension Liability	<u>0.000055</u>	<u>0.000063</u>	<u>0.000076</u>
Proportionate Share of the Net Pension Liability	<u>216,844</u>	<u>218,982</u>	<u>209,718</u>
Covered Payroll	<u>89,492</u>	<u>74,093</u>	<u>66,195</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>242.31%</u>	<u>295.55%</u>	<u>316.82%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>69.85%</u>	<u>67.64%</u>	<u>71.74%</u>

Note to Schedule

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

BARSTOW CEMETERY DISTRICT
Schedule of District's Pension Contributions
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution (Actuarially Determined)	\$ 43,417	\$ 41,908	\$ 39,251
Contributions in Relation to the Actuarially Determined Contributions	<u>(43,417)</u>	<u>(41,908)</u>	<u>(39,251)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 89,492</u>	<u>\$ 74,093</u>	<u>\$ 66,195</u>
Contributions as a Percentage of Payroll	<u>48.51%</u>	<u>56.56%</u>	<u>59.30%</u>

Note to Schedule

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

BARSTOW CEMETERY DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018*

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, 2018, the District did not incur any excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule.

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.

Other Independent Auditors' Report

**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
Barstow 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 Barstow Cemetery District as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Barstow Cemetery District's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Barstow 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 Barstow Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Barstow 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and recommendations as Findings 2018-001 and 2018-02 that we consider to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and recommendations as Finding 2018-003 through Finding 2018-005 to be significant deficiencies.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Barstow 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

Barstow Cemetery District's response to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Barstow 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".

October 13, 2021

Findings and Recommendations

BARSTOW CEMETERY DISTRICT
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

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 2018-001: Financial Reporting

Finding: The District's management is responsible for the preparation and fair presentation of financial statements in accordance with applicable accounting principles. This includes the design and implementation of relevant internal controls to ensure accurate and timely financial reporting. It appeared various accounts in the district's general ledger had not been analyzed and adjusted. Nor were certain assets/liabilities recognized for areas related to the districts pension plan administered through CalPERS. Throughout the audit process, the District's staff provided the necessary analysis, documentation, and adjustments, as requested.

Recommendation: We recommend the District receive training on various areas related to governmental accounting and internal controls.

Views of Responsible Officials:

The district hired a financial advisor in April 2021 to educate and fiscally guide the district in recommending updates to financial procedures and processes.

Finding 2018-002: 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, credit cards, 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 if there is staff turnover.

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 policies and procedures. A well-designed and properly maintained system of documenting policies and procedures enhances both accountability and consistency.

Accounting Policies and Procedures:

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. Areas such as payroll, purchasing, disbursements, credit cards, cash receipting, capitalization threshold, records retention, fund balances, etc. should be included.

Capital Assets:

A board approved capitalization policy should be approved that outlines capitalization thresholds for various asset types. Additionally, the policy should specify how often an inventory of assets should be completed.

BARSTOW CEMETERY DISTRICT
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

Finding 2018-002: Policies and Procedures (continued)

Month-End Closing:

At the conclusion of each month the district should have set procedures that close out the financial entries for the month, including recognizing the activity that occurred within its funds held within the county treasury. Additionally, the activity in the local bank account, credits cards and cash receipting should be reconciled and review by the District Manager and/or board of trustees. Bank reconciliations were not completed in a timely fashion, nor were they review by management. Monthly account reconciliations should be completed within two weeks of the close of the month and the manager should review and document their approval. Funds that are collected for specific purposes such as pre-need and endowment need to be transferred out of the districts local bank account into either an authorized investment account or the county treasury monthly.

Fiscal Year Closing:

At the conclusion of the fiscal year, the district must update its fund financial accounting records on a modified accrual basis and it's government-wide financial accounting records on a full-accrual basis. This includes updating records for capital assets, pension liabilities, compensated absences, investment gains/losses, etc. The district did not have the underlying accounting record prepared for audit until well after the fiscal year had closed. There were many accounts that did not have supporting records to substantiate the opening balances. The district should create a calendar that outlines the entirety of the year with all applicable fiscal deadlines identified.

Negative Fund Balance – General Fund:

The district needs to take action to eliminate its negative fund balance in the General Fund through a combination of actions that reduce expenditures/deficits and/or increase revenues/surpluses.

All of the areas outlined above require the formal documentation of policies and procedures which will 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.

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.

Views of Responsible Officials:

The district hired legal Council in November 2020 to help update district policies and procedures.

BARSTOW CEMETERY DISTRICT
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

Finding 2018-003: Cash Disbursements

Findings: During our review of cash disbursements our sample of 34 disbursements identified 23 that were missing supporting documentation such as a receipt or invoice. Additionally, one of the 11 that had supporting documentation did not include an itemized receipt substantiating the charges.

Recommendation: We recommend that the district establish formal procedures related to cash disbursements functions. Those procedures should indicate the type of documentation that are required to be obtained in advance of issuing payment. They should also clearly identify the records to retain, where they will be kept and for how long these records will be stored. Safeguarding documents related to disbursements and ensuring that the accounting records are complete are paramount to good internal controls.

Views of Responsible Officials:

The district hired an employee that will focus their time on maintaining the accounting records in January 2021.

Finding 2018-004: CalPERS Reporting

Finding: During our inquiries of the pension reporting process, it was discovered that the district does not have a procedure to monitor when part-time or seasonal employees qualify for membership. Additionally, during our review of the CalPERS submission reports it was noted that, while the correct pay rate was reported, the reported earnings for both employees tested were not accurately reported to CalPERS. In both cases employees reported earnings were equal to one week, while the reporting window covered a two-week period.

Recommendation: We recommend that the district work with CalPERS to proactively report the correct information and retroactively report any payroll information that was incorrectly submitted to CalPERS.

Views of Responsible Officials:

In May 2021 the district Financial Advisor made the district aware of their CalPERS discrepancies which the district worked with CalPERS to rectify.

Finding 2018-005: Cash Receipting Procedures

Finding: During our review of the cash receipting process, we noted 23 instances, in our sample of 30 receipts, where the receipt noting the services to be rendered used pricing amounts that were inconsistent with the districts adopted pricing sheet, incorrectly calculated the total due or was a partial payment collected for pre-need services with no documentation of the future amounts due or the services to be rendered. Additionally, we noted one instance where a Veteran's discount was provided, but no proof of Veteran status was retained with the receipt.

Recommendation: We recommend that the district identify a process which automates and standardizes the invoicing process for services, including pre-need contracts. Additionally, we recommend that the district establish a policy to ensure appropriate supporting documentation is retained for any discounted services.

Views of Responsible Officials:

The district is currently researching companies the specialize in cemetery records management to improve the retention and accessibility of district records.

Barstow Cemetery District

**Financial Statements
(Compiled)**

June 30, 2018

ACCOUNTANTS' COMPILATION REPORT

December 4, 2019

The Board of Directors
Barstow Cemetery District
Barstow, California

We have compiled the accompanying balance sheet of Barstow Cemetery District, as of June 30, 2018, and the related profit & loss statement for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Barstow Cemetery District.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

BARSTOW CEMETERY DISTRICT

Balance Sheet by Class

As of June 30, 2018

12/04/19

Accrual Basis

	Endowment ...	General Fund	PreNeed	Unclassified	TOTAL
ASSETS					
Current Assets					
Checking/Savings					
BANK OF AMERICA	-7,827.85	41,489.77	-20,151.29	8,287.36	21,797.99
CASH IN COUNTRY TREASURY	0.00	51,453.93	0.00	0.00	51,453.93
Cash in County Treasury TAH	287.19	0.00	0.00	0.00	287.19
Endowment care Fund-Treasury	109,287.90	0.00	0.00	0.00	109,287.90
PayPal Account	0.00	17,631.35	0.00	0.00	17,631.35
PreNeed County Treasury Fund	0.00	0.00	5,213.15	0.00	5,213.15
WELLS FARGO INVESTMENTS	653,312.08	0.00	0.00	0.00	653,312.08
Wells Fargo Investments-Interes	9,449.95	0.00	0.00	0.00	9,449.95
Total Checking/Savings	764,509.27	110,575.05	-14,938.14	8,287.36	868,433.54
Other Current Assets					
Deposits in Transit	0.00	-185.24	0.00	0.00	-185.24
Endowment Care Due From GF	13,078.04	704.00	0.00	0.00	13,782.04
PN Accounts Receivable	0.00	0.00	59,906.00	0.00	59,906.00
PN AR from General Fund	0.00	0.00	55,556.00	0.00	55,556.00
PN Interest Receivable	0.00	0.00	253.00	0.00	253.00
PreNeed due from GF	0.00	0.00	48,050.48	0.00	48,050.48
Total Other Current Assets	13,078.04	518.76	163,765.48	0.00	177,362.28
Total Current Assets	777,587.31	111,093.81	148,827.34	8,287.36	1,045,795.82
Fixed Assets					
Building Improvements	0.00	12,423.64	0.00	0.00	12,423.64
Total Fixed Assets	0.00	12,423.64	0.00	0.00	12,423.64
Other Assets					
Inventory	0.00	117,312.00	0.00	0.00	117,312.00
Total Other Assets	0.00	117,312.00	0.00	0.00	117,312.00
TOTAL ASSETS	777,587.31	240,829.45	148,827.34	8,287.36	1,175,531.46
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Other Current Liabilities					
Accounts Payable	0.00	28,497.00	0.00	0.00	28,497.00
Due to EC Fund	0.00	13,078.04	0.00	0.00	13,078.04
Due to PN Sales Revenue	0.00	3,414.95	0.00	0.00	3,414.95
Due to PN Service Revenue	0.00	44,635.53	0.00	0.00	44,635.53
Due to PreNeed	0.00	55,556.00	0.00	0.00	55,556.00
Sales Tax Collected	0.00	553.49	0.00	0.00	553.49
sales Tax Collected-PreNeed	0.00	33.00	506.87	0.00	539.87
Total Other Current Liabilities	0.00	145,768.01	506.87	0.00	146,274.88
Total Current Liabilities	0.00	145,768.01	506.87	0.00	146,274.88
Total Liabilities	0.00	145,768.01	506.87	0.00	146,274.88
Equity					
Endowment Care Contributions	17,418.34	0.00	0.00	0.00	17,418.34
Fund Balance--EC	792,682.00	0.00	0.00	0.00	792,682.00
Net Position-Restricted	0.00	0.00	133,627.16	0.00	133,627.16
Unrestricted Net Assets	0.00	75,741.00	0.00	8,287.36	84,028.36
Net Income	-1,532.09	-50,681.83	53,714.64	0.00	1,500.72
Total Equity	808,568.25	25,059.17	187,341.80	8,287.36	1,029,256.58
TOTAL LIABILITIES & EQUITY	808,568.25	170,827.18	187,848.67	8,287.36	1,175,531.46
UNBALANCED CLASSES	-30,980.94	70,002.27	-39,021.33	0.00	-0.00

BARSTOW CEMETERY DISTRICT
Profit & Loss by Class
 July 2017 through June 2018

	<u>Endowment C...</u>	<u>General Fund</u>	<u>PreNeed</u>	<u>TOTAL</u>
Ordinary Income/Expense				
Income				
OTHER REVENUE	0.00	7,121.28	0.00	7,121.28
Property Tax Revenue	0.00	156,074.02	0.00	156,074.02
Sales Revenue-General Fund	0.00	34,520.95	0.00	34,520.95
Sales Revenue-PreNeed	0.00	0.00	3,414.95	3,414.95
Service Revenue-General Fund	0.00	117,721.18	0.00	117,721.18
Service Revenue-PreNeed	0.00	0.00	54,153.59	54,153.59
Total Income	0.00	315,437.43	57,568.54	373,005.97
Cost of Goods Sold				
Cemetery Merchandise	0.00	18,409.04	0.00	18,409.04
Total COGS	0.00	18,409.04	0.00	18,409.04
Gross Profit	0.00	297,028.39	57,568.54	354,596.93
Expense				
Automobile Expense	0.00	6,124.17	0.00	6,124.17
Bank Service Charges	56.51	532.31	0.00	588.82
FAS				
Communication	0.00	404.39	0.00	404.39
Data Processing	0.00	-28.34	0.00	-28.34
General Maintenance	0.00	2,575.75	0.00	2,575.75
General Office	0.00	474.12	0.00	474.12
Insurance County Paid	0.00	-9,412.65	0.00	-9,412.65
Laundry & Uniform	0.00	613.68	0.00	613.68
Leased Equipment	0.00	164.00	0.00	164.00
Legal & Professional	0.00	6,769.99	0.00	6,769.99
Overtime Salaries	0.00	4,233.67	0.00	4,233.67
Payroll Tax Expense	0.00	10,061.76	0.00	10,061.76
Prof & Speci	0.00	884.40	0.00	884.40
Regular Salaries	0.00	127,292.58	0.00	127,292.58
Utilities County Paid	0.00	61,144.74	0.00	61,144.74
FAS - Other	0.00	259.38	0.00	259.38
Total FAS	0.00	205,437.47	0.00	205,437.47
Fuel	0.00	370.71	0.00	370.71
HEALTH INSURANCE EXPENSE	0.00	24,314.40	0.00	24,314.40
Insurance Expense	0.00	18,946.36	0.00	18,946.36
License & Permits	0.00	70.00	0.00	70.00
Meals and Entertainment	0.00	192.08	0.00	192.08
Office Supplies	0.00	4,665.42	0.00	4,665.42
OPERATING SUPPLIES	0.00	700.70	0.00	700.70
PayPay Expense	0.00	2,497.59	0.00	2,497.59
Payroll Expenses	0.00	163.00	0.00	163.00
Pension Expense	0.00	48,374.37	0.00	48,374.37
PN FAS				
PN Data Processing	0.00	0.00	251.00	251.00
PN Overtime	0.00	0.00	104.00	104.00
PN Payroll Tax Expense	0.00	0.00	262.56	262.56
PN Regular Salaries	0.00	0.00	3,328.00	3,328.00
Total PN FAS	0.00	0.00	3,945.56	3,945.56
Reconciliation Discrepancies	0.00	31.99	0.00	31.99
Repairs and Maintenance	0.00	27,527.66	0.00	27,527.66
Service Supplies	0.00	2,274.11	0.00	2,274.11
Telephone Expense	0.00	2,073.68	0.00	2,073.68
Utilities	0.00	4,887.19	0.00	4,887.19
Total Expense	56.51	349,183.21	3,945.56	353,185.28
Net Ordinary Income	-56.51	-52,154.82	53,622.98	1,411.65

BARSTOW CEMETERY DISTRICT
Profit & Loss by Class
July 2017 through June 2018

	<u>Endowment C...</u>	<u>General Fund</u>	<u>PreNeed</u>	<u>TOTAL</u>
Other Income/Expense				
Other Income				
interest Income	0.00	360.48	0.00	360.48
interest Income-EC	15,384.00	1,112.51	0.00	16,496.51
Interest Income-Preneed Co Trea	0.00	0.00	91.66	91.66
Interest Income EC County	871.09	0.00	0.00	871.09
Unrealized Gain/Loss EC	-17,730.67	0.00	0.00	-17,730.67
Total Other Income	<u>-1,475.58</u>	<u>1,472.99</u>	<u>91.66</u>	<u>89.07</u>
Net Other Income	<u>-1,475.58</u>	<u>1,472.99</u>	<u>91.66</u>	<u>89.07</u>
Net Income	<u><u>-1,532.09</u></u>	<u><u>-50,681.83</u></u>	<u><u>53,714.64</u></u>	<u><u>1,500.72</u></u>

BARSTOW CEMETERY DISTRICT

As of June 30, 2018

DUE TO

Endowment

care Fund

PreNeed Trust

Due From General Fund

\$ 13,078.04

\$ 103,606.48

