

**ELSINORE VALLEY CEMETERY
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

ELSINORE VALLEY CEMETERY DISTRICT

LAKE ELSINORE, CALIFORNIA

JUNE 30, 2019

MEMBER	OFFICE	TERM EXPIRES
Karen Snyder	President	June 2021
Rose Tompkins	Vice President	June 2021
Merilyn Jackson	Trustee	June 2023
Timothy Underdown	Trustee	June 2019
Thomas Buckley	Trustee	June 2019

ADMINISTRATION

Vicki Warren

District Manager

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ELSINORE VALLEY CEMETERY DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Elsinore Valley Cemetery District
Lake Elsinore, California

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of Elsinore Valley Cemetery District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Elsinore Valley Cemetery District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Elsinore Valley Cemetery District's 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.

Auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Elsinore Valley Cemetery District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RT DENNIS
ACCOUNTANCY

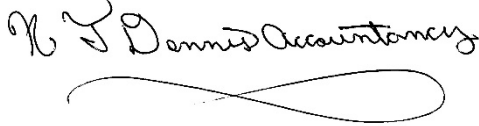
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, on pages 5–10 and 29, respectively, 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 our report dated July 3, 2020 on our consideration of Elsinore Valley Cemetery 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 Elsinore Valley Cemetery District’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "R J Dennis Accountancy". Below the signature is a decorative horizontal flourish consisting of a continuous loop.

July 3, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Elsinore Valley Cemetery District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased about eight percent.
- During the year, the District's revenue was almost \$0.5 million more than the almost \$0.8 million in salaries and other expenses (including special items). This is better than last year, when expenses and revenue were about the same.
- The general fund fairly closely mirrored the results of the statement of activities.
- The resources available for appropriation were \$0.1 million more than budgeted for the general fund, and expenditures were within spending limits.

OVERVIEW OF FINANCIAL STATEMENTS

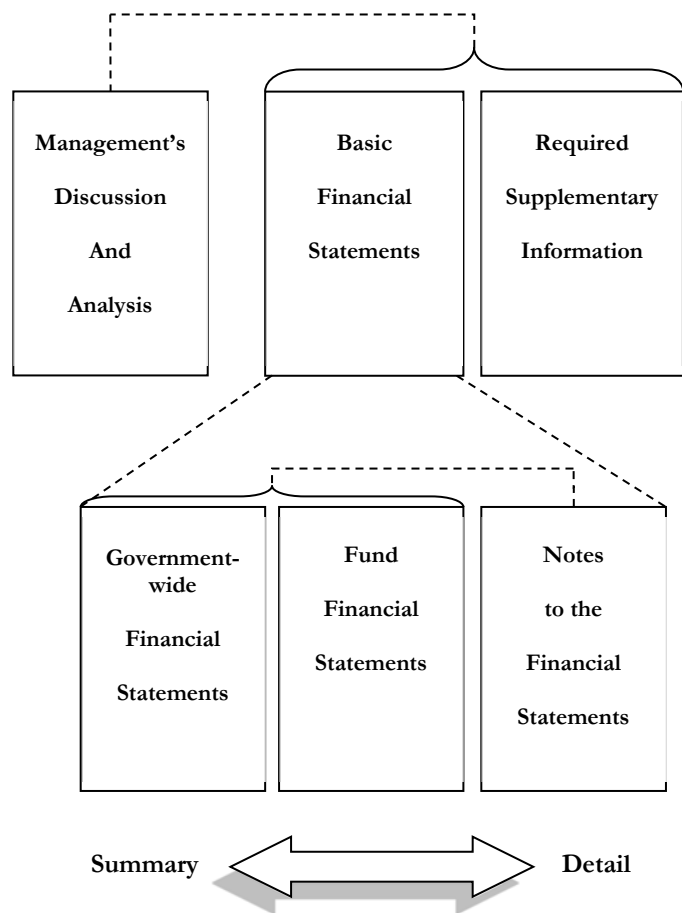
Components of the Financials Section

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

**Figure A-1
 Required Components of Elsinore Valley Cemetery District’s Annual Financial Report**

Special-purpose governments engaged in a single governmental program include cemetery districts. For such governments, it is still valuable to have both the comprehensive financial information of the governmental activities in the government-wide statements and the predominantly short-term data in the governmental funds statements. However, because there is only a single program, the format of some of the financial statements may seem awkward. With this in mind, the accounting standards allow these kinds of governments to employ alternative forms of presentation that involve combining the government-wide and fund financial statements using a columnar format that reconciles the two kinds of financial data in a separate column on each statement. The District has prepared a balance sheet/ statement of net position and a combined statement of revenues, expenditures, and changes in fund balances/ statement of activities like a fund statement format.

– The *governmental funds* statements tell how *general government* services like were financed in the *short term* as well as what remains for future spending.



ELSINORE VALLEY CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2019

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with additional federal and state required information, as well as a detail of the nonmajor funds.

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

Major Features of Elsinore Valley Cemetery District’s Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire District government	The activities of the District
Required financial statements	<ul style="list-style-type: none"> ➤ Statement of net position ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how it has changed. Net position—the difference between the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the District’s financial health, or *position*.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the condition of the District’s capital assets.

ELSINORE VALLEY CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2019

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 that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, such as endowment care.
- The District Board establishes other funds to control and manage money for particular purposes (like the capital projects).

Governmental funds—Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Financial Analysis of the District as a Whole

Net position. The District’s net position increased between fiscal years 2018 and 2019—to \$6.1 million. (See Table 1.)

Table 1 - Net Position

<i>(\$ Amounts in thousands)</i>	2019	2018	\$ Change	% Change
Current and other assets	\$ 2,567	\$ 4,810	\$ (2,243)	-47%
Non-current assets	3,644	929	2,715	292%
Total Assets	6,211	5,739	472	8%
Current liabilities	48	23	25	109%
Non-current liabilities	25	26	(1)	-4%
Total Liabilities	73	49	24	49%
Net position				
Net investment in capital assets	885	929	(44)	-5%
Restricted	670	675	(5)	-1%
Unrestricted	4,583	4,086	497	12%
Total Net Position	\$ 6,138	\$ 5,690	\$ 448	8%

Some of the components either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position showed a \$4.6 million balance at the end of this year.

Due to a better operating year, net position increased. There was an addition to AP which was the result of end of the year expense accruals

ELSINORE VALLEY CEMETERY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2019

Changes in net position. The District’s total revenues increased mostly from investment returns and unrealized gains due to better market performance.

The total cost of all programs and services increased this year mostly due to an increase in legal fees.

Table 2 - Changes in Net Position

(\$ Amounts in thousands)	2019	2018	\$ Change	% Change
Program revenue	\$ 163	\$ 158	\$ 5	3%
General revenue	1,100	820	280	34%
Total Revenue	1,263	978	285	29%
Salaries and benefits	473	445	28	6%
Supplies and services	280	205	75	37%
Other charges	12	11	1	9%
Total Expenses	765	661	104	16%
Excess before special items and transfers	498	317	181	57%
Special items	(50)	(318)	268	-84%
Increase (Decrease) in net position	\$ 448	\$ (1)	\$ 449	44900%

Financial Analysis of the District’s Funds

As the District completed the year, its governmental funds reported a *combined* fund balance of \$5.3 million. The changes in the General Fund mirror the changes in the statement of activities.

General Fund Budgetary Highlights

Actual expenditures were \$0.1 million below final budget amounts and revenue was \$0.1 million more than budgeted. The District intended to spend \$115,000 on the niche, but due to management turnover, that didn’t end up happening.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the District had invested \$0.9 million in a broad range of capital assets, including equipment, buildings and improvements. This amount represents a net increase (including additions and deductions) of \$11.7 million, or 3.7 percent, over last year.

This year’s major capital asset additions included:

- New tractor (\$5,340)
- Shed (\$12,875)

The District’s fiscal year 2020 capital budget projects spending \$350,000 toward a niche wall.

ELSINORE VALLEY CEMETERY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2019

Economic Factors and Next Year's Budgets and Rates

No significant changes in budgets, beyond a small reduction in salary due to a retirement, from 2018-19 to 2019-20.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Manager, 18170 Collier Avenue, Lake Elsinore, CA 92530, (951) 674-2418.

BASIC FINANCIAL STATEMENTS

ELSINORE VALLEY CEMETERY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
 JUNE 30, 2019

	General Fund	Capital Projects Fund	Endowment Care Fund
ASSETS			
Cash and cash equivalents	\$ 1,331,724	\$ 956,178	\$ 237,790
Accrued receivables	28,694	-	215
Investments	916,566	1,350,542	492,248
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
TOTAL ASSETS	\$ 2,276,984	\$ 2,306,720	\$ 730,253
LIABILITIES			
Accrued payables	\$ 48,434	\$ -	\$ -
Long-term liabilities, compensated absences	-	-	-
Total Liabilities	48,434	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable, endowment corpus	-	-	669,999
Assigned	-	2,306,720	60,254
Unassigned	2,228,550	-	-
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	2,228,550	2,306,720	730,253
TOTAL LIABILITIES, AND FUND BALANCE / NET POSITION	\$ 2,276,984	\$ 2,306,720	\$ 730,253

The accompanying notes are an integral part of these financial statements

Total		
Governmental Funds	Adjustments (Note 2-A.)	Statement of Net Position
\$ 2,525,692	\$ -	\$ 2,525,692
28,909	12,383	41,292
2,759,356	-	2,759,356
-	827,950	827,950
-	57,210	57,210
<u>5,313,957</u>	<u>\$ 897,543</u>	<u>\$ 6,211,500</u>
\$ 48,434	\$ -	\$ 48,434
-	24,800	24,800
	<u>24,800</u>	<u>73,234</u>
669,999	(669,999)	-
2,366,974	(2,366,974)	-
2,228,550	(2,228,550)	-
-	885,160	885,160
-	669,999	669,999
-	4,583,107	4,583,107
<u>5,265,523</u>	<u>872,743</u>	<u>6,138,266</u>
<u>\$ 5,313,957</u>	<u>\$ 897,543</u>	<u>\$ 6,211,500</u>

ELSINORE VALLEY CEMETERY DISTRICT

**GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Endowment Care Fund</u>
REVENUE			
Program Revenue:			
Charges for services	\$ 135,677	\$ -	\$ 27,400
Property taxes, general purpose	877,174	-	-
Grants and contributions not restricted to specific programs	6,964	-	-
Revenue from use of money	57,579	118,028	27,788
Total Revenue	1,077,394	118,028	55,188
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	321,516	-	-
Benefits	126,993	-	-
Supplies and services	279,537	-	-
Depreciation	-	-	-
Capital Outlay	18,215	-	-
Total Expenditures / Expenses	746,261	-	-
Excess (Deficiency) of Revenue over Expenditures/Expenses	331,133	118,028	55,188
OTHER FINANCING SOURCES/USES			
Special items - disposal of capital assets	-	-	-
NET CHANGE IN FUND BALANCE / NET POSITION	331,133	118,028	55,188
Fund Balance / Net Position - Beginning	1,897,417	2,188,692	675,065
Fund Balance / Net Position - Ending	\$ 2,228,550	\$ 2,306,720	\$ 730,253

The accompanying notes are an integral part of these financial statements

Total		
Governmental Funds	Adjustments (Note 2-B.)	Statement of Activities
\$ 163,077	\$ -	\$ 163,077
877,174	12,383	889,557
6,964	-	6,964
203,395	-	203,395
<u>1,250,610</u>	<u>12,383</u>	<u>1,262,993</u>
321,516	24,800	346,316
126,993	-	126,993
279,537	-	279,537
-	12,475	12,475
18,215	(18,215)	-
<u>746,261</u>	<u>19,060</u>	<u>765,321</u>
504,349	(6,677)	497,672
-	(49,885)	(49,885)
<u>504,349</u>	<u>(56,562)</u>	<u>447,787</u>
<u>4,761,174</u>	<u>929,305</u>	<u>5,690,479</u>
<u>\$ 5,265,523</u>	<u>\$ 872,743</u>	<u>\$ 6,138,266</u>

ELSINORE VALLEY CEMETERY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Elsinore Valley Cemetery District (“the District”) is a public cemetery district operating under the provisions of the Health and Safety Code § 9010 of the State of California. The District was formed effective March 8, 1955. 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 Riverside County Board of Supervisors. Each member serves a term of four years.

1 - B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the cemetery and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the “Adjustments” column are not provided on the face of the statement, but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds. The general fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds, which are of particular importance to financial statement users.

Capital Projects Fund. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Endowment Care Fund. To account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs – that is, for the benefit of the government or its citizenry. Per Health and Safety Code §9065, the board of trustees shall create an endowment care fund, and require a payment into the endowment care fund for each interment right sold. The board of trustees shall not spend the principal of the fund. The board of trustees shall cause the income from the fund to be deposited in an endowment income fund and spent solely for the care of the cemeteries owned by the District.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

1 - C. Basis of Accounting – Measurement Focus

Government-wide Financial Statements. 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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

1 - D. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments. Some cash balances are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2019, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

Accrued Receivables. All trade and property tax receivables are shown net of an allowance for uncollectibles. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	15 – 25
Equipment	5 – 10

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Compensated absences are recognized as liabilities in the governmental fund financial statements when due.

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

Nonspendable. 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 Endowment Care corpus.

Assigned. Resources that are constrained by the government'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 fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the County for any purpose. When expenditures are incurred and both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Net Position. Net Position represents the difference of assets less liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The district-wide financial statements report \$669,999 of restricted net position.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

1 - E. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue). 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 or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Property Tax Calendar

July 1	Beginning of the fiscal year and delinquent Secured property taxes DEFAULT and begin accruing additional penalties of 1 ½% per month and a redemption fee.
July	Treasurer-Tax Collector mails out Unsecured property tax bills.
August/September	Treasurer-Tax Collector mails out Prior Year Secured property tax bills.
August 31	Unsecured property tax delinquent date. A 10% penalty is added after 5:00 p.m.*
October	Treasurer-Tax Collector mails out Current Year Secured property tax bills.
November 1	First installment is due (Current Secured property tax) and delinquent Current Year Unsecured taxes begin accruing additional penalties of 1½% per month.
December 10	First installment payment delinquent date (Current Secured property tax). A 10% penalty is added after 5:00 p.m.*
January 1	Lien date for the establishment of ownership, value and unsecured taxes for the ensuing fiscal year.
February 1	Second installment is due (Current Secured property tax).
April 10	Second installment payment delinquent date (Current Secured property tax). A 10% penalty and cost is added after 5:00 p.m.*
May	Treasurer-Tax Collector mails delinquent notices for any unpaid, Current Year Secured property taxes.
June 30	End of fiscal year.

* If a delinquent date falls on a Saturday, Sunday or County holiday, the delinquent date is the next business day.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

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.

Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2019

1 - F. Stewardship, Compliance, and Accountability

Budgetary Data. Per Health and Safety Code §9070(a), 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 board of trustees shall forward a copy of the final budget to the auditor of each county in which the district is located.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

Violation of Investment Policy. Per the investment policy, mutual funds may not make up more than 20% of the District's portfolio, as of June 30, 2019, mutual funds (including money market funds) makes up 27% (\$346,517 in excess).

Per the investment policy, the maximum maturity for U.S. Agency Obligations and mortgage pass-through securities, also known as derivatives, is five years. As of June 30, 2019, some of the District's U. S. Agency Obligations, \$259,435, and the derivatives, Collateralized Mortgage Obligations ("CMOs"), \$13,352, have maturities in excess of the allowable five-year maturity maximum.

Per the investment policy, the minimum rating allowed for derivatives are "AA." As of June 30, 2019, the CMOs are not rated.

Management and board will determine what to do with investments in a future meeting. See Investment footnote disclosure for more detail.

1 - G. New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the following standards:

- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.
- ❖ GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
- ❖ GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- ❖ GASB Statement No. 91, *Conduit Debt Obligations*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

For specific details about the standards, please see www.gasb.org.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds \$5,265,523

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets relating to governmental activities, at historical cost:	\$1,421,507	
Accumulated depreciation:	<u>(536,347)</u>	885,160

Deferred recognition of earned but unavailable revenues:

In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred in governmental funds, but are recognized in the government-wide statements, is:

12,383

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	(24,800)
------------------------------	----------

Total Net Position - Governmental Activities: **\$6,138,266**

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds \$ 504,349

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are 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:	\$ 18,215	
Depreciation expense:	<u>(12,475)</u>	5,740

Gain or loss from disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(49,885)

Earned but unavailable revenues:

In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of earned but unavailable revenues relating to the current period, less revenues that became available in the current period but related to a prior period, is:

12,383

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(24,800)

Change in Net Position of Governmental Activities: \$ 447,787

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit Balances

	Governmental Activities
Deposits in financial institutions	\$ 351,670
Cash in county	840,829
Mutual funds	1,333,193
Total Cash and Cash Equivalents	\$ 2,525,692

3 - B. Policies and Practices

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSRO
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

3 - C. Cash Deposits

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2019, the carrying amount of the District's bank deposits was \$351,670, and the respective bank balances totaled \$339,4931. Of the total bank balance, \$250,000 was insured through the FDIC. The remaining \$89,431 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the District.

3 - D. Portfolio

	Moody's		Level	Fair Value	Maturities in years			
	Rating				< 1	1 - 5	6 - 10	> 10
Cash in county	Aaa-bf	17%	2	\$ 840,829	\$ 840,829	\$ -	\$ -	\$ -
Mutual funds ¹	NA	27%	1	1,333,193	1,333,193	-	-	-
Total Cash Equiv.		44%		2,174,022	2,174,022	-	-	-
CDs	FDIC	17%	1	849,761	129,832	719,929	-	-
CMOs ¹	NA	0%	1	13,352	-	-	-	13,352
Corporate bonds	Aa3 - A3	22%	1	1,069,891	169,999	899,892	-	-
Forgeign obligations	AA3	1%	1	44,989	44,989	-	-	-
U.S. agencies ¹	AAA	16%	1	781,363	74,685	447,243	259,435	-
Total Investments		56%		2,759,356	419,505	2,067,064	259,435	13,352
Total Portfolio		100%		\$4,933,378	\$2,593,527	\$2,067,064	\$ 259,435	\$ 13,352

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$4,933,378 investment in, \$4,933,378 of underlying securities are held by the investment's counterparty.

There is a risk that, in the event of a counterparty failure, the District's investments may not be returned. As of June 30, 2019, of the total investment balance, \$500,000 was insured through the Securities Investor Protection Corporation ("SIPC"). The remaining \$4,433,378 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the District.

¹Violations of investment policy, see page 20.

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 4 – ACCRUED RECEIVABLES

Receivables at June 30, 2019, were as follows:

	Endowment Care			
	General Fund	Fund	District-Wide	Total
Taxes	\$ 25,599	\$ -	\$ 12,383	\$ 37,982
Interest	3,095	215	-	3,310
Total Accrued Receivables	\$ 28,694	\$ 215	\$ 12,383	\$ 41,292

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019

	Balance			Balance	
	Jul. 01, 2018	Additions	Deletions	Jun. 30, 2019	
Capital Assets Not Being Depreciated					
Land	\$ 832,625	\$ -	\$ 4,675	\$ 827,950	
Capital Assets Being Depreciated					
Buildings and improvements	\$ 318,732	\$ 12,875	\$ 52,248	\$ 279,359	
Equipment	361,321	5,340	52,463	314,198	
Total assets being depreciated	680,053	18,215	104,711	593,557	
Less Accumulated Depreciation					
Buildings and improvements	237,063	8,931	8,175	237,819	
Equipment	346,310	3,544	51,326	298,528	
Total accumulated depreciation	583,373	12,475	59,501	536,347	
Total Capital Assets Being Depreciated, Net	\$ 96,680	\$ 5,740	\$ 45,210	\$ 57,210	

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2019, were as follows:

	<u>General Fund</u>
Vendors	\$ 45,275
Payroll	3,159
Total Accrued Payables	\$ 48,434

ELSINORE VALLEY CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 7 – DEFINED CONTRIBUTION PLAN

The District's 401(k) is a defined contribution plan. Employees are eligible after six months of employment with the District. Employee contributions are always 100-percent vested. The District match is 100% of the employee's contribution, up to 4% of employee's salary.

The District contributed \$8,188 for the year-ended June 30, 2019. The total compensation of District employees (and covered by the plan) was \$321,516 for the year-ended June 30, 2019.

NOTE 8 – SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the District expects this matter to negatively impact its investments, though may increase operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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ELSINORE VALLEY CEMETERY DISTRICT

**GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Program Revenue:				
Charges for services	\$ 105,000	\$ 105,000	\$ 135,677	\$ 30,677
Property taxes, general purpose	820,500	820,500	877,174	56,674
Grants and contributions not restricted to specific programs	7,000	7,000	6,964	(36)
Revenue from use of money	10,000	10,000	57,579	47,579
Total Revenue	942,500	942,500	1,077,394	134,894
EXPENDITURES				
Current:				
Salaries and wages	320,000	320,000	321,516	(1,516)
Benefits	144,100	144,100	126,993	17,107
Supplies and services	300,000	300,000	279,537	20,463
Capital Outlay	115,000	115,000	18,215	96,785
Total Expenditures	879,100	879,100	746,261	132,839
NET CHANGE IN FUND BALANCE	63,400	63,400	331,133	267,733
Fund Balance - Beginning	1,897,417	1,897,417	1,897,417	
Fund Balance - Ending	\$ 1,960,817	\$ 1,960,817	\$ 2,228,550	\$ 267,733

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OTHER INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S 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*

The Board of Trustees
Elsinore Valley Cemetery District
Lake Elsinore

We have audited, 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, the financial statements of the governmental activities, and each major fund of Elsinore Valley Cemetery District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Elsinore Valley Cemetery District's basic financial statements, and have issued our report thereon dated July 3, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Elsinore Valley 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 Elsinore Valley Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of Elsinore Valley 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 entity'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.

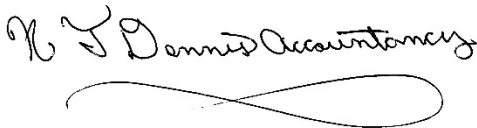
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Elsinore Valley Cemetery District's financial statements are free from 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



July 3, 2020

RT DENNIS
ACCOUNTANCY