

EXHIBIT A

Audited Financial Information
CVCD 1-16

CENTRAL VALLEY CEMETERY DISTRICT

FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015



George J. Woo
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Valley Cemetery District
El Centro, California

I have audited the accompanying financial statements of Central Valley Cemetery District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the financial statements.

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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special District. Those standards require that I 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and non-expendable trust fund of Central Valley Cemetery District as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

October 13, 2015

A handwritten signature in dark ink, appearing to read "James J. [unclear]", is written over the date.

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

The discussion and analysis of the financial performance of the Central Valley Cemetery District (the "District") provides an overview of the District's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole, users of these financial statements should read this discussion.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the 2014-2015 fiscal year by \$ 4,608,823 (Net Assets) an increase of \$ 76,509. Unrestricted Net Assets are \$ 3,568,429 a decrease of \$ 257,432 in Unrestricted Net Assets.
- The District's non-expendable trust assets exceeded its liabilities at the close of the fiscal year \$ 1,213,974 during the current fiscal year, an increase of \$ 9,810 in comparison to prior year.
- As of June 30, 2015, the District's governmental funds reported total ending fund balance of \$ 3,838,829, an increase of \$ 12,868 in comparison with the prior year. See further discussion in Financial Analysis of the District's Funds on Page 5.

Overview of the Financial Statements

The Discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These statements are organized so that readers can understand the District as a financial whole or as an entire operating entity. The District's basic financial statements are comprised of two components: 1) Government-wide financial statements and fund financial statements and 2) Notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as revenues and expenses reported in this statement for some items, will only result in cash inflows and outflows in future fiscal years.

Both the Statement of Net Assets and the Statement of Activities distinguishes between activities that are primarily financed with taxes and revenues (governmental activities). The District's governmental activities include general government and public service activities.

2. Fund Financial Statements

Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be used in evaluating Central Valley Cemetery District's near-term financing requirements and available resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements and the government-wide financial statements are presented on pages 9 through 11 of this report.

Fiduciary funds are used to account for resources held by the endowment care fund, the purpose of which is to provide for the long term care of the District's grounds and maintenance. Endowment care principle is restricted for use by law, only the income earned from the principle may be used for long-term care. The basic fiduciary fund statements are presented on pages 12 through 14.

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. The notes to the financial statements are presented on pages 15 through 23 of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 4,608,823 (see Table 1) at the close of the current fiscal year an increase of \$ 76,509 as compared with the prior year.

A portion of the District's net assets, \$ 1,040,394, reflects its investments in capital assets (e.g. land, structures and improvements, vehicles, furniture and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. During the current fiscal year, the District designated a total of \$ 350,000 as restricted net assets. The remaining balance of total net assets is \$ 3,218,429, which is considered unrestricted and may be used by the District.

At the end of the current fiscal year, the District as a whole and for its governmental activities reported positive balances in net assets.

**Table 1 – District's Net Assets
For the Years Ended June 30, 2015 and 2014**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Current Assets and Other Assets	\$ 3,838,829	\$ 4,089,298
Capital Assets	<u>1,040,394</u>	<u>706,353</u>
Total Assets	<u>4,879,223</u>	<u>4,795,651</u>
Current and Other Liabilities	<u>270,400</u>	<u>263,337</u>
Total Liabilities	<u>270,400</u>	<u>263,337</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,040,394	706,353
Restricted	350,000	-0-
Unrestricted	<u>3,218,429</u>	<u>3,825,861</u>
Total Net Assets	<u>\$ 4,608,823</u>	<u>\$ 4,532,314</u>

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

As shown in Table 2, the District's net assets increased by \$ 76,509 during the current fiscal year and increased by \$ 559,901 in the prior year.

**Table 2 – District's Changes in Net Assets
For the Years Ended JUNE 30, 2015 and 2014**

		<u>Governmental Activities</u>	
		<u>2015</u>	<u>2013</u>
Revenues			
Revenues Program			
Charges for Services	\$	411,474	\$ 351,592
General Revenues			
Property Taxes		658,374	682,261
Adjustment for Fair Value of Investments		(214,588)	146,074
Interest		44,070	114,662
Total Revenue		<u>899,330</u>	<u>1,294,589</u>
Expenses			
Personal Services		410,419	391,645
Material and Services		383,681	383,359
Depreciation		30,967	32,312
Total Expenses		<u>825,067</u>	<u>773,413</u>
Increase in net assets before transfers		74,263	521,176
Transfers in		2,246	38,725
Increase in Net Assets	\$	<u>76,509</u>	<u>\$ 559,901</u>

Governmental Activities

Governmental activities increased the District's net assets by \$ 76,509 for fiscal year June 30, 2015 as compared with a increase of \$ 559,901 in the prior year. Key elements of this decrease are due to the fact that during the year the fair value of investments decreased \$ 214,588. Other factors are noted below:

- Total revenue for the District's governmental activities decreased 30% in comparison with the prior period.

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Total expenses for governmental activities increased 7% in comparison with the prior period.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, the District's governmental funds reported a total fund balance of \$ 4,608,823 a 2% increase in comparison with the prior year.

The General Fund is the only operating fund of the District. As of June 30, 2015, unreserved fund balance of the General Fund was \$ 3,568,429. As a measure of the General Funds' liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 433% of total General Fund expenditures.

Revenues for governmental functions totaled \$ 899,330 for the fiscal year ended June 30, 2015, a decrease of \$ 395,259 compared with the prior year.

General Fund Budgetary Highlights

The District did not amend its original budget after it was adopted by the board. For a budget to actual comparison see page 11.

Capital Assets.

- As of June 30, 2015, the District's investment in capital assets for its governmental activities amounted to \$ 1,040,394 (net of accumulated depreciation). The investments in capital assets are land, structures and improvements, vehicles, furniture and equipment.

CENTRAL VALLEY CEMETARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Table 3 – The District's Capital Assets (Net of accumulated depreciation)

	As of <u>June 30, 2014</u>	<u>Additions</u>	<u>Reclassify</u>	<u>Depreciation</u>	As of <u>June 30, 2015</u>
Automobiles	\$ 13,754	\$ -0-	\$ -0-	(\$ 5,324)	\$ 8,430
Buildings and Structures	88,003	195,960	72,741	(6,817)	349,887
Machinery and Equipment	48,514	-0-	-0-	(17,069)	31,445
Land	193,198	-0-	-0-	-0-	193,198
Improvements	<u>362,884</u>	<u>169,048</u>	<u>(72,741)</u>	<u>(1,757)</u>	<u>457,434</u>
Total	<u>\$ 706,353</u>	<u>\$365,008</u>	<u>\$ -0-</u>	<u>(\$ 30,967)</u>	<u>\$ 1,040,394</u>

Current year's depreciation expense for the fiscal year ended June 30, 2015 is \$ 30,967.

Requests for Information

This financial report is designed to provide our citizens, creditors and investors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have any questions about this report or need additional financial information, you may contact Mr. Charles L. Jernigan, Superintendent, at (760) 352-1468.

FINANCIAL SECTION

CENTRAL VALLEY CEMETERY DISTRICT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET

AS OF JUNE 30, 2015

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and investments	\$ 3,452,131	\$ -0-	\$ 3,452,131
Cash and investments-restricted	350,000	-	350,000
Prepaid insurance	36,698		36,698
Capital assets, net of accumulated depreciation	-0-	1,040,394	1,040,394
	<u>\$ 3,838,829</u>	<u>\$ 1,040,394</u>	<u>\$ 4,879,223</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 8,784	\$ -0-	\$ 8,784
Pension payable	29,537	-0-	29,537
Compensated absences payable	232,079	-0-	232,079
	<u>\$ 270,400</u>	<u>\$ -0-</u>	<u>\$ 270,400</u>
FUND BALANCE / NET ASSETS			
Fund balance - restricted	350,000	(350,000)	-0-
Fund balance - unrestricted	3,218,429	(3,218,429)	-0-
	<u>3,568,429</u>	<u>(3,568,429)</u>	<u>-0-</u>
	<u>\$ 3,838,829</u>	<u>\$ (3,568,429)</u>	<u>\$ 270,400</u>
Net Assets			
Investments in capital assets, net of accumulated depreciation and related debt	-0-	1,040,394	1,040,394
Restricted	-0-	350,000	350,000
Unrestricted	-0-	3,218,429	3,218,429
Total net assets	<u>\$ -0-</u>	<u>\$ 4,608,823</u>	<u>\$ 4,608,823</u>

The notes to financial statements are an integral part of these statements.

CENTRAL VALLEY CEMETERY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Capital Improvements	\$ 365,008	\$ (365,008)	\$ -0-
Personal Services	410,419	-0-	410,419
Materials and Services	383,681	-0-	383,681
Depreciation	-0-	30,967	30,967
Total expenditures	<u>1,159,108</u>	<u>(334,041)</u>	<u>825,067</u>
Revenues			
Charges for Services	<u>381,874</u>	-0-	<u>381,874</u>
Net Expense	<u>(777,234)</u>	<u>(334,041)</u>	<u>(443,193)</u>
General Revenues			
Adjustment for Fair Value of Investments	(214,588)	-0-	(214,588)
Property Taxes	658,374	-0-	658,374
Interest	44,070	-0-	44,070
Operating transfers in	<u>31,846</u>	-0-	<u>31,846</u>
Total general revenues and transfers	<u>519,702</u>	<u>-0-</u>	<u>519,702</u>
Excess of Revenues & Transfers in Over Expenditures and Transfers Out	<u>(257,532)</u>	<u>334,041</u>	<u>76,509</u>
Change in Net Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance July 1, 2014	<u>3,825,961</u>	<u>706,353</u>	<u>4,532,314</u>
Fund Balance June 30, 2015	<u>\$ 3,568,429</u>	<u>\$ 1,040,394</u>	<u>\$ 4,608,823</u>

The notes to financial statements are an integral part of these statements

CENTRAL VALLEY CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 502,637	\$ 658,374	\$ 155,737
Interest Income	70,899	44,070	(26,829)
Cemetery Revenue	423,926	411,474	(12,452)
Adjustment for Fair Value of Investments	-0-	(214,588)	(214,588)
	<u>997,462</u>	<u>899,330</u>	<u>(98,132)</u>
Expenditures			
Advertising	-0-	30,196	(30,196)
Bank Charges	4,000	4,133	(133)
Capital Improvements	137,962	365,008	(227,046)
Clothing and Personal Supplies	4,000	2,640	1,360
Communications	10,000	11,054	(1,054)
Employee Benefits and Retirement	63,000	44,515	18,485
Fuel	25,000	13,407	11,593
Household Expense	3,500	1,000	2,500
Insurance	90,000	90,850	(850)
Legal and Accounting	10,000	8,876	1,124
Maintenance - Building and Grounds	35,000	52,193	(17,193)
Maintenance - Equipment	60,000	10,288	49,712
Memberships	2,000	1,190	810
Miscellaneous Expenses	4,000	40	3,960
Office Expense	15,000	9,605	5,395
Payroll Expenses	42,000	37,960	4,040
Safety Training	3,000	206	2,794
Salaries	400,000	410,419	(10,419)
Supplies	60,000	51,264	8,736
Info Technology	10,000	-0-	10,000
Transportation and Travel	1,000	155	845
Utilities	18,000	14,109	3,891
	<u>997,462</u>	<u>1,159,108</u>	<u>(161,646)</u>
Excess of Revenues Over Expenditures	-0-	(259,778)	(259,778)
Other Financing Sources:			
Operating Transfers In (Out)	-0-	2,246	2,246
Excess of Revenues and Other Financing Sources Over Expenditures	-0-	(257,532)	(257,532)
Fund Balance July 1	<u>3,825,961</u>	<u>3,825,961</u>	<u>-0-</u>
Fund Balance June 30	<u>\$ 3,825,961</u>	<u>\$ 3,568,429</u>	<u>\$ (257,532)</u>

The notes to financial statements are an integral part of these statements

CENTRAL VALLEY CEMETERY DISTRICT
STATEMENT OF NET ASSETS NON-EXPENDABLE TRUST FUND
AS OF JUNE 30, 2015

ASSETS

Cash & Investments	<u>\$ 1,213,974</u>
	<u><u>\$ 1,213,974</u></u>

LIABILITIES AND NET ASSETS

Net Assets	
Restricted	<u>\$ 1,213,974</u>
	<u><u>\$ 1,213,974</u></u>

CENTRAL VALLEY CEMETERY DISTRICT
STATEMENT OF CHANGES IN NET ASSETS NON-EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Additions:

Investment Income and Appreciation	\$ 12,056
Endowment Care Principle	<u>29,600</u>
Total Additions	<u>41,656</u>

Deductions:

Operating Transfers Out	<u>31,846</u>
Total Deductions	<u>31,846</u>
Change in Net Assets	9,810
Net Assets - July 1, 2014	<u>1,204,164</u>
Net Assets - June 30, 2015	<u><u>\$ 1,213,974</u></u>

The notes to financial statements are an integral part of these statements

CENTRAL VALLEY CEMETERY DISTRICT

STATEMENT OF CASH FLOWS
NON-EXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities

Cash received from endowment care principle	\$ 29,600
Interest Income and investment appreciation	<u>12,056</u>
Net Cash Provided by Operating Activities	<u>41,656</u>

Cash Flows from Capital and Related Financing Activities

Operating Transfers Out	<u>31,846</u>
Net cash used by capital and financing activities	<u>31,846</u>
Increase in Cash and Cash Equivalents	9,810
Cash and Cash Equivalents - Beginning of Year	<u>1,204,164</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,213,974</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 9,810
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	<u>-0-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 9,810</u></u>

The notes to financial statements are an integral part of these statements

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General

The Central Valley Cemetery District was formed in 1948 under the Health and Safety Code of the State of California. The District was formed for the purpose of selling plots and maintaining their locations. The District has three locations, including Evergreen Cemetery in El Centro, Terrace Park Cemetery in Holtville, and Imperial Cemetery in Imperial. The District is governed by a Board of Trustees consisting of three members who are elected or appointed for terms of four years.

The accounting policies of the Central Valley Cemetery District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Implementation of Governmental Accounting Standards Board Statements

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate entity.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The District reports only one governmental fund:

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District. The General Fund accounts for public service activities.

Reporting Entity

The financial statements consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled or dependent on the District.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise all of its assets, liabilities, fund equity, revenues, and expenditures, as appropriate.

Governmental Fund

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

Fiduciary Fund

The endowment care fund is a fiduciary fund which is classified as a non-expendable trust fund. The purpose of this fund is to account for those financial resources which are designated to provide a source of income to be used to ensure ongoing maintenance of the District's cemetery sites.

Cash and Cash Equivalents

Cash is considered to be cash on hand and cash in bank. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase have an original maturity of three months or less.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accounting records are maintained on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

Interfund Transactions

During the course of operations transactions may occur between funds for goods or services rendered. These transactions create receivables and payables which are classified as "due from other fund" or "due to other fund". All other interfund transactions are reported as operating transfers.

Capital Assets

Capital assets, including infrastructure, are recorded at historical costs or at estimated historical cost if historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets and equipment. The District defines capital assets as assets with initial, individual costs of more than \$ 2,500 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assts under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements.

Maintenance and repairs are charged to operations when incurred. Betterments and Major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed form the respective accounts and any resulting gain or loss is included in the results of operations.

The estimated useful lives are as follows:

Buildings and Improvement	40 years
Machinery and Equipment	5-15 years

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 2. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassify</u>	<u>Ending Balance</u>
Automobiles	\$ 26,620	\$ -0-	\$ -0-	\$ 26,620
Buildings and structures	376,661	195,960	72,741	645,362
Machinery and Equipment	410,231	-0-	-0-	410,231
Land	193,198	-0-	-0-	193,198
Improvements	<u>371,170</u>	<u>169,048</u>	<u>(72,741)</u>	<u>467,477</u>
	1,377,880	365,008	-0-	1,742,888
Less Accumulated Depreciation	<u>(671,527)</u>	<u>(30,967)</u>	<u>-0-</u>	<u>(702,494)</u>
Total Capital Assets	<u>\$ 706,353</u>	<u>\$ 334,041</u>	<u>\$ -0-</u>	<u>\$ 1,040,394</u>

Depreciation expense for the fiscal year ended June 30, 2015 was \$ 30,967.

NOTE 3. BUDGETS

The District prepares a budget annually. Upon adoption by the Board of Trustees the budget is filed with the Board of Supervisors of the County of Imperial. Appropriations expire at the end of the fiscal year.

NOTE 4. DEPOSITS AND INVESTMENTS

California Government Code 53601 authorizes the District to invest in obligations of the U.S. Treasury or its agencies, obligations of the State of California and any local agency, corporate bonds rated AAA by Standard and Poor, certificates of deposit or other interest bearing deposits of insured financial institutions and other investments as may be allowed by law.

Deposits – At year-end, the carrying amount of the District's deposits was \$ 1,473,520 and the bank balance was \$ 1,459,881. The bank balance is classified into three categories of credit risk:

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

1. Insured or collateralized with securities held by the District or by its agent in the District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by their pledging financial institution, or by its trust department or agent but not in the District's name.)

Classification of Bank Balance by Credit Risk:

	<u>Categories</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Deposits	<u>\$1,568,941</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,568,941</u>

Investments – The District's investments are classified into three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

Non-categorized: Investments in LAIF are not categorized, as Governmental Accounting Standards do not require categorization of investment pools managed by another agency.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Classification of investments by credit risk:

	<u>Categories</u>			<u>Not Categorized</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Securities of Federal Government Agencies	\$ 229,856	\$ -0-	\$ -0-	\$ -0-	\$ 229,856	\$ 229,856
Taxable Bonds	1,449,307	-0-	-0-	-0-	1,449,307	1,449,307
Certificates of Deposit	288,411	-0-	-0-	-0-	288,411	288,411
Money Market Fund	<u>676,231</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>676,231</u>	<u>676,231</u>
	<u>\$ 2,643,805</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	2,643,805	2,643,805
County Investment Pool				<u>844,059</u>	<u>844,059</u>	<u>844,059</u>
Local Agency Investment Fund (LAIF)				<u>54,721</u>	<u>54,721</u>	<u>54,721</u>
					<u>\$3,542,585</u>	<u>\$ 3,542,585</u>

Investments are reported at fair value, which is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than a forced or liquidation sale.

The District is a member of an external investment pool. The Treasurer of Imperial County receives funds from the District and pools them with other funds and invests these funds in a variety of instruments including Certificates of Deposit and Government Agency instruments. The funds are recorded at fair value and interest earnings are allocated quarterly based on the average balance of the invested amount for the quarter.

The District has individual investments with a variety of financial institutions and investment firms. These investments are reported at fair value, which was obtained from statements provided by the institutions. Any adjustments to fair value have been recorded to income or expense, depending on the nature of the necessary adjustment.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Total Cash and Investment Summary:

Total Governmental Activities – Cash & Investments	\$ 3,802,131
Total Non-Expendable Trust Fund – Cash & Investments	<u>1,213,974</u>

Total Cash and Investments	<u>\$ 5,016,105</u>
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Total Demand Deposits	\$ 1,473,520
Total Cash and Investments	<u>3,542,585</u>

Total Cash and Investments	<u>\$ 5,016,105</u>
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NOTE 5. PENSION PLAN

The District funds a defined contribution pension plan for its employees. The plan is a money purchase pension plan administered by Principal Financial which was adopted by the Board of Trustees with an effective date of July 1, 1986. Prior to adopting this plan, the District had a defined benefit pension plan which was established during July of 1974. The plan assets of the defined benefit plan were transferred to the defined contribution plan at its inception.

Employees are eligible for coverage once they have attained age 21 and have completed a year of service with the District. No employees who have met the eligibility requirements shall be excluded.

Subsequent to the balance sheet date, the District contributed an amount equal to 10% of participants' compensation. The District's pension contribution for the fiscal year ended June 30, 2015 is \$ 32,641 or 10% of eligible employees' compensation of \$ 326,406.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 6. COMPENSATED ABSENCES

A total of 15 to 20 days of vacation per year may be accumulated by each employee, with no maximum limit. Sick leave accumulates one day per month, however, there is a limit to the amount of payout for unused sick leave upon voluntary termination or retirement. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the District has accrued a liability which has been earned, but not taken by District employees. The liability has been recorded in the General Fund because it is possible that the liability will be liquidated with expendable available financial resources.

NOTE 7. OPERATING TRANSFERS

The interest generated by the Endowment Fund is used for the maintenance and preservation of the cemetery grounds and plots. At the end of each year, the total interest earned during the fiscal year is transferred to the General Fund. This is accomplished via an operating transfer.

NOTE 8. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

CENTRAL VALLEY CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 9. RESTRICTED FUND BALANCE / NET ASSETS

During the current fiscal year, the District designated a portion of fund balance / net assets as reserved for the following purposes:

Reserved for expansion and special projects	\$ 150,000
Reserved for unanticipated non budget significant events	<u>200,000</u>
Balance June 30, 2015	<u>\$ 350,000</u>

NOTE 10. SUBSEQUENT EVENTS

The management of the District have reviewed the results of operations for the period of time from its year end June 30, 2015 through October 13, 2015 the date the combined financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.