

COTTONWOOD CEMETERY DISTRICT

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2017

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Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cottonwood Cemetery District
Cottonwood, California

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of Cottonwood Cemetery District (CCD), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CCD's preparation and fair presentation of the consolidated 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 CCD'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 consolidated financial statements.

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

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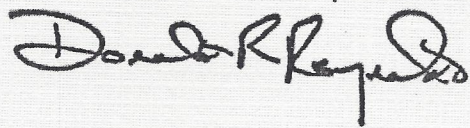
Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cottonwood Cemetery District as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has elected to omit the Management's Discussion and Analysis.



Donald R. Reynolds,
Certified Public Accountant
Redding, California
June 8, 2019

COTTONWOOD CEMETERY DISTRICT
Government-Wide Statement of Net Position
June 30, 2017

Statement 1

	PRIMARY GOVERNMENT	
	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Cash in county treasury	\$ 85,792	\$ 85,792
Accounts receivable	-	-
Prepaid insurance	-	-
Taxes receivable	-	-
Due from other governments	-	-
Restricted assets - Cash	250,043	250,043
Fixed assets - not subject to depreciation	7,581	7,581
Fixed assets - subject to depreciation	207,640	207,640
Accumulated depreciation	(157,129)	(157,129)
Total assets	<u>\$ 393,927</u>	<u>\$ 393,927</u>
DEFERRED OUTFLOWS OF ASSETS		
None	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued payroll and other liabilities	6,508	6,508
Capital lease payable		
Due within one year	1,451	1,451
Due in more than one year.	11,791	11,791
Total current liabilities	<u>19,750</u>	<u>19,750</u>
DEFERRED INFLOWS OF ASSETS		
None	<u>-</u>	<u>-</u>
NET PENSION LIABILITY		
	<u>-</u>	<u>-</u>
NET POSITION		
Nonspendable		
Investment in capital assets, net of related debt	58,092	58,092
Restricted for:		
Cash flow	172,308	172,308
Imprest cash	500	500
Impact fees	-	-
Capital Projects	90,476	90,476
Unassigned	52,801	52,801
Total net position	<u>\$ 374,177</u>	<u>\$ 374,177</u>

See accompanying notes to basic financial statements

COTTONWOOD CEMETERY DISTRICT
Government-Wide Statement of Activities
Year Ended June 30, 2017

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government and administration	\$ 124,042	\$ 67,519	\$ -	\$ -
Other	1,371	-	-	(1,371)
Total governmental activities	\$ 125,413	\$ 67,519	\$ -	\$ -
General Revenues:				
Taxes				
Property Taxes			\$ 51,381	\$ 51,381
Intergovernmental			-	-
Charges for services			-	-
Investment Income			2,463	2,463
Other			12,995	12,995
Transfers - Internal Activity			-	-
Total General Revenues and Transfers			66,839	66,839
Change in Net Assets			8,945	8,945
Net Position - Beginning			365,232	365,232
Prior Period Adjustment			-	-
Residual Equity Transfers In			-	-
Residual Equity Transfers Out			-	-
Net Position - Ending			\$ 374,177	\$ 374,177

See accompanying notes to basic financial statements

COTTONWOOD CEMETERY DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

Statement 3

	General Fund	Endowment Fund	Total Governmental Funds
ASSETS			
Cash in county treasury	\$ 85,792	\$ 250,043	\$ 335,835
Accounts receivable	-	-	-
Prepaid insurance	-	-	-
Taxes receivable	-	-	-
Due from other governments	-	-	-
Restricted assets - Cash	-	-	-
Total assets	<u>\$ 85,792</u>	<u>\$ 250,043</u>	<u>\$ 335,835</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	-
Accrued payroll and	6,508	-	6,508
Due to other governments	-	-	-
Total liabilities	<u>6,508</u>	<u>-</u>	<u>6,508</u>
FUND BALANCES:			
Restricted for:			
Cash flow	172,308	-	172,308
Imprest cash	500	-	500
Impact fees	-	-	-
Capital Projects	-	250,042	250,042
Unassigned	<u>(93,524)</u>	<u>-</u>	<u>(93,524)</u>
Total net assets	<u>79,284</u>	<u>250,042</u>	<u>329,326</u>
Total liabilities and fund balances	<u>\$ 85,792</u>	<u>\$ 250,042</u>	<u>\$ 335,834</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets unused in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 157,129.	58,092
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net Pension Liability	-
Deferred Inflows/Outflows of resources	-
Capital leases payable	(13,242)
Net Position of Governmental Activities	<u>\$ 374,176</u>

See accompanying notes to basic financial statements

COTTONWOOD CEMETERY DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2017

Statement 4

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:			
Current year:			
Property taxes	\$ 47,797	\$ -	\$ 47,797
Supplemental taxes	504	-	504
Unsecured property tax	2,302	-	2,302
Homeowners' property tax relief	778	-	778
Openings and closings	18,410	-	18,410
Other charges for services	49,109	-	49,109
Interest	585	1,878	2,463
Proceeds of Long-Term Debt	-	14,010	14,010
Other Income	4,645	8,350	12,995
Total revenue	<u>124,130</u>	<u>24,238</u>	<u>148,368</u>
EXPENDITURES:			
Current:			
Salaries and benefits	69,854	-	69,854
Protective clothing	23	-	23
Communication	2,035	-	2,035
Household	124	-	124
Equipment rental	647	-	647
Insurance	1,277	-	1,277
Repairs and maintenance	7,364	-	7,364
Medical/Lab fees	-	-	-
Memberships	50	-	50
Office expense	700	-	700
Professional fees & special services	2,627	-	2,627
Property tax administration fee	1,325	-	1,325
Supplies	-	-	-
Special department expense	26,105	-	26,105
Tools	43	-	43
Public and legal notices	-	-	-
Fuel and travel	1,404	-	1,404
Utilities	4,004	-	4,004
Other charges	372	-	372
Debt service:			
Principal	1,846	-	1,846
Interest	1,371	-	1,371
Capital outlay	-	14,010	14,010
Total expenditures	<u>121,171</u>	<u>14,010</u>	<u>135,181</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,959	10,228	13,187
Transfers in	-	10,000	10,000
Transfers out	(10,000)	-	(10,000)
FUND BALANCE, Beginning, as previously stated	86,325	229,814	316,139
Prior period adjustment	-	-	-
FUND BALANCE, Beginning, as restated	<u>86,325</u>	<u>229,814</u>	<u>316,139</u>
FUND BALANCE, End of year	<u>\$ 79,284</u>	<u>\$ 250,042</u>	<u>\$ 329,326</u>

See accompanying notes to basic financial statements

COTTONWOOD CEMETERY DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2017

Statement 4
(Continued)

Reconciliation of the change in fund balances - Total Governmental Funds
to the change in net assets of governmental activities:

Net change in fund balances - Total Governmental Funds	\$	13,187
Amounts reported for governmental activities in the Statement of Activities are different because:		None
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the assets:		
Capital assets purchases capitalized		-
Depreciation expense		(6,088)
Pension adjustments due to GASB 68		-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:		
Capital lease obligation principal payments		<u>1,846</u>
Change in Net Position of Governmental Activities	\$	<u>8,945</u>

See accompanying notes to basic financial statements

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of Cottonwood Cemetery District have been prepared in conformity with Accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Reporting Entity

Cottonwood Cemetery District is organized for the interment of residences of the District and is regulated by the State's Health and Safety Code.

The District's primary source of revenue is property taxes collected by Shasta County. The District has the availability of spending \$10,000 by utilizing a checking account with the Shasta County Treasurer maintaining the balance of the District's funds. The County disburses these funds at the direction of the District's Board of Directors. Accounting records are also maintained by the District.

The District is administered by a Board of Directors that act as the authoritative and legislative body of the entity. The Boards is comprised of three members. The Board members do not receive compensation. The District employs a Manager to oversee the daily operations of the District

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

A. Description of Reporting Entity (Continued)

relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units to be included in the District's reporting entity.

B. Implementation of Governmental Accounting Standards Board Statements

Government Accounting Standards Board Statement No. 74, 75, 77, 80 and 81

The Government Accounting Standards Board has adopted Statements 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 77, *Tax Abatement Disclosures*, 80, *Blending Requirements for Certain Component Units*, and 81, *Irrevocable Split-Interest Agreements*, which were effective for fiscal years ended June 30, 2017 and beyond. It has been determined the provisions of those statements will not affect this District.

C. Basis of Presentation and Accounting

Government – Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present the Governmental activities for the District.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function; the District's only function is the operation of the Cottonwood Cemetery. The types of transactions reported as program revenues

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

C. Basis of Presentation and Accounting (Continued)

for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants or other contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance for the General Fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements. All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due. Capital asset acquisitions under capital lease are reported as other financing sources.

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Allowance for Doubtful Accounts

The District's receivables consist mostly of tax assessments due from the County of Shasta. The District considers receivables to be fully collectible at year-end; accordingly, no allowance for doubtful accounts is required.

F. Inventory

The District uses the "consumption" method of accounting for inventory. Under the "consumption" method, inventory acquisitions are recorded in the inventory account initially, and charged as expenditures when used.

G. Capital Assets

Property and equipment is recorded at cost. Donated property and equipment is stated at the fair value at the date of donation and recorded as contributed capital. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Structures and Improvements	10-45 Years
Vehicles and Equipment	3-10 Years

H. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District and are accrued when incurred.

Accumulated Employee sick leave benefits are not recognized as liabilities of the District since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

I. Property Taxes

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1 %) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

Shasta County assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates:	March 1	March 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on March 1	July 1
Delinquent as of	December 10 (for November) and April 10 (for March)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue when received in the fiscal year of levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County of Shasta (County). The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the District in three installments, as follows:

55% remitted on December 15
 40% remitted on April 15
 5% remitted on June 15

J. Capitalization of Interest

Interest is capitalized on costs associated with the acquisition and construction of assets. The amount of interest capitalized is the total of all associated interest costs, less interest earned on the temporary investment of the proceeds of any tax-exempt borrowings.

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The District maintains its cash and investment accounts with the Shasta County Treasurer, and a safekeeping agent.

At June 30, 2017, total District cash and investments at fair value were as follows:

Government Funds

	Per Books	Per Bank
<i>Cash:</i>		
Cash in County Treasury	\$ <u>335,835</u>	\$ <u>335,835</u>

INVESTMENTS

The District's investment policy does not define criteria for selecting acceptable financial institutions, brokers/dealers, or allowable investment types as defined by Government Code 53635.

At June 30, 2017, the District had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments						
Cash in County Pooled Treasury	Variable	On Demand	\$ <u>335,835</u>	\$ <u>335,835</u>	\$ <u>335,835</u>	-
Total Investments			\$ <u>335,835</u>	\$ <u>335,835</u>	\$ <u>335,835</u>	-

Interest Rate Risk

The District's investment policy does not define a method for limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

NOTE 2 CASH AND INVESTMENTS (Continued)

Credit Risk

The District's investment policy does not define a method for limiting credit risk. State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State Law Limits Investors Service. The District has no investments in commercial paper or corporate bonds.

Concentration of Credit Risk

At June 30, 2017, in accordance with State law, the District did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the District's investment pool's fair value at June 30, 2017.

	<u>SAP</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Cash in county Pooled Treasury	Unrated	Unrated	6.99%
State Farm Mutual Fund	Unrated	Unrated	5.19%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	87.82%
Total			<u>100.00%</u>

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. At year end, the District's investment pool and specific investments had no securities exposed to custodial credit risk.

Shasta County Treasury Pool

The Shasta County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the Shasta County Treasurer's Investment Policy. California State Government Code requires the formation of an

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 CASH AND INVESTMENTS (Continued)

Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

NOTE 3 CAPITAL ASSETS

A summary of the changes in capital assets is as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 7,581	\$ -	\$ -	\$ -	\$ 7,581
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>7,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,581</u>
Capital assets, being depreciated:					
Vehicles and Equipment	86,406	15,087	-	-	101,493
Structures and Improvements	<u>106,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,146</u>
Total capital assets, being depreciated	<u>192,552</u>	<u>15,087</u>	<u>-</u>	<u>-</u>	<u>207,639</u>
Less accumulated depreciation:					
Vehicles and Equipment and Structures and Improvements	<u>(151,041)</u>	<u>(6,088)</u>	<u>-</u>	<u>-</u>	<u>(157,129)</u>
Net assets being depreciated	<u>41,511</u>	<u>(6,088)</u>	<u>-</u>	<u>-</u>	<u>50,510</u>
Total capital assets, net	<u>\$ 49,092</u>	<u>\$ 8,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,091</u>

NOTE 4 NET ASSETS/FUND BALANCES

Beginning with fiscal year 2010-11, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance-amounts in fund balance that cannot be spent because they are either not in spendable form (such as prepaids and inventory) or legally/contractually are required to be maintained intact;

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 NET ASSETS/FUND BALANCES (Continued)

Restricted fund balance-resources that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through externally enforceable legal restrictions (cannot be spent due to their form).

Committed fund balance-amounts are constrained to specific purposes by action of the District itself, using its highest level of decision-making authority; Removal or modification of the restrictions on the use of these amounts can only be accomplished if the District takes the same highest level action to remove or change the constraint.

Assigned fund balance-amounts the District intends to use for a specific purpose; intent can be expressed by the District, a District created committee, or an official designated by the District to which it delegates the authority; Informal commitments (no formal action by the District).

Unassigned fund balance-Resources in the fund balance that cannot be classified into any of the other categories. These amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the District.

NOTE 5 SUBSEQUENT EVENT

Management has evaluated events subsequent to June 30, 2017 through June 8, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

NOTE 6 DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows or resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows.

Continued on the following page.

**COTTONWOOD CEMETERY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

**NOTE 6 DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES
 (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has no deferred inflows.

NOTE 7 CAPITAL LEASE PAYABLE

The District entered into a Capital Lease Purchase for a new tractor in August of 2016. The original amount of the capitalized lease was \$14,808 and is payable in 84 installments of \$201. At the end of the lease the tractor can be purchased for \$1. The remaining balance at June 30, 2017 was \$13,241.

The following reflects the annual principal and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$1,945	\$464	\$2,409
2019	\$2,020	\$389	\$2,409
2020	\$2,096	\$313	\$2,409
2021	\$2,176	\$233	\$2,409
2022	\$2,260	\$149	\$2,409
2023	\$2,345	\$ 64	\$2,409
2024	\$ 400	\$ 2	\$ 402

COTTONWOOD CEMETERY DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE:				
Current year:				
Property taxes	\$ 46,100	\$ 46,100	\$ 47,797	\$ 1,697
Supplemental taxes	430	430	504	74
Unsecured property tax	2,328	2,328	2,302	(26)
Homeowners' property tax relief	785	785	778	(7)
Openings and closings	23,500	23,500	18,410	(5,090)
Other charges for services	75,900	75,900	49,109	(26,791)
Interest	200	200	2,463	2,263
Proceeds of long term debt	14,010	14,010	14,010	-
Other Income	1,514	1,514	12,995	11,481
Total revenue	<u>164,767</u>	<u>164,767</u>	<u>148,368</u>	<u>(16,399)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	77,200	77,200	69,854	7,346
Protective clothing	50	50	23	27
Communication	2,500	2,500	2,035	465
Household	200	200	124	76
Equipment rental	-	-	647	(647)
Insurance	1,400	1,400	1,277	123
Repairs and maintenance	4,900	4,900	7,364	(2,464)
Medical/Lab fees	-	-	-	-
Memberships	4,500	4,500	50	4,450
Office expense	1,300	1,300	700	600
Professional fees & special services	5,000	5,000	2,627	2,373
Property tax administration fee	1,500	1,500	1,325	175
Supplies	-	-	-	-
Special department expense	23,500	23,500	26,105	(2,605)
Tools	2,000	2,000	43	1,957
Public and legal notices	-	-	-	-
Fuel and travel	2,500	2,500	1,404	1,096
Utilities	4,500	4,500	4,004	496
Other charges	1,050	1,050	372	678
Debt service	4,350	4,350	3,217	1,133
Capital outlay	14,010	14,010	14,010	-
Total expenditures	<u>150,460</u>	<u>150,460</u>	<u>135,181</u>	<u>15,279</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,307	14,307	13,187	(31,678)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
FUND BALANCE, Beginning of year	<u>316,139</u>	<u>316,139</u>	<u>316,139</u>	-
FUND BALANCE, End of year	\$ <u>330,446</u>	\$ <u>330,446</u>	\$ <u>329,326</u>	\$ <u>(31,678)</u>

See accompanying notes to basic financial statements