

**SARATOGA CEMETERY
DISTRICT**

Annual Financial Report

June 30, 2021

SARATOGA CEMETERY DISTRICT
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Saratoga Cemetery District
Saratoga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Saratoga Cemetery District ("District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 the Saratoga Cemetery District, as of June 30, 2021, 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.

Emphasis of Matter

Change in Accounting Principal and Restatement

As discussed in Note 9 to the financial statements, the July 1, 2020 beginning net position of fiduciary funds have been restated and reclassified to a special revenue fund to account for the provisions reported in GASB 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23–25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Saratoga Cemetery District has not presented the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022, on our consideration of the Saratoga 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 solely 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 the effectiveness of the Saratoga Cemetery District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Saratoga Cemetery District’s internal control over financial reporting and compliance.

David Farnsworth, CPA

Dublin, California
June 22, 2022

Basic Financial Statement

SARATOGA CEMETERY DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash and investments	\$ 13,220,097
Interest receivable	9,929
Inventory	11,871
Noncurrent Assets	
Restricted cash and investments	3,581,295
Capital Assets:	
Nondepreciable	1,842,110
Depreciable, net	1,278,293
Total Assets	19,943,595
LIABILITIES	
Current Liabilities:	
Accounts payable	21,840
Accrued expenses	4,018
Due within one year: compensated absences	1,817
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	7,268
Total Liabilities	34,943
NET POSITION	
Net investment in capital assets	3,120,403
Restricted for:	
Endowment:	
Expendable	1,770,412
Nonexpendable	1,810,883
Unrestricted	13,206,954
Total Net Position	\$ 19,908,652

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

SARATOGA CEMETERY DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

		<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Position</u> <u>Primary Government</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities:			
Interment services	\$ 804,452	\$ 611,273	\$ (193,179)
Total governmental activities	<u>\$ 804,452</u>	<u>\$ 611,273</u>	<u>(193,179)</u>
General revenues and contributions to permanent funds:			
General revenues:			
Property taxes			1,210,458
Investment earnings			170,713
Contributions to permanent funds			124,000
Total general revenues and contributions			<u>1,505,171</u>
Change in net position			1,311,992
Net position, beginning, restated			<u>18,596,660</u>
Net position, ending			<u>\$ 19,908,652</u>

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

SARATOGA CEMETERY DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds				
	General Fund	Capital Projects Fund	Special Revenue Fund	Permanent Fund	Total Governmental Funds
ASSETS					
Cash	\$ 1,820,064	\$ 3,894,666	\$ 165,391	\$ 429,034	\$ 6,309,155
Investments	-	6,664,403	675,573	3,152,261	10,492,237
Interest receivable	3,132	6,571	226	-	9,929
Due from other funds	-	261,376	-	-	261,376
Inventory	11,871	-	-	-	11,871
Total assets	\$ 1,835,067	\$ 10,827,016	\$ 841,190	\$ 3,581,295	\$ 17,084,568
LIABILITIES					
Accounts payable	\$ 21,799	\$ 41	\$ -	\$ -	\$ 21,840
Accrued payroll	4,018	-	-	-	4,018
Due to other funds	261,376	-	-	-	261,376
Total liabilities	287,193	41	-	-	287,234
FUND BALANCES					
Nonspendable:					
Inventory	11,871	-	-	-	11,871
Endowment	-	-	-	1,810,883	1,810,883
Restricted:					
Maintenance and repairs of cemetery	-	-	-	1,770,412	1,770,412
Committed:					
Land acquisition	-	4,000,000	-	-	4,000,000
Assigned:					
Capital projects	-	6,826,975	-	-	6,826,975
Preneed Interments	-	-	841,190	-	841,190
Unassigned	1,536,003	-	-	-	1,536,003
Total fund balances	1,547,874	10,826,975	841,190	3,581,295	16,797,334
Total liabilities and fund balances	\$ 1,835,067	\$ 10,827,016	\$ 841,190	\$ 3,581,295	\$ 17,084,568

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

SARATOGA CEMETERY DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Fund balances - total governmental funds \$ 16,797,334

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets at cost	5,065,801	
Accumulated depreciation	<u>(1,945,398)</u>	3,120,403

Compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. (9,085)

Net position of governmental activities \$ 19,908,652

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

SARATOGA CEMETERY DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds				
	General Fund	Capital Projects Fund	Special Revenue Fund	Permanent Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 1,206,871	\$ -	\$ -	\$ -	\$ 1,206,871
Intergovernmental	3,587	-	-	-	3,587
Charges for services	198,740	351,595	60,938	-	611,273
Investment earnings	22,263	117,042	(1,276)	32,683	170,712
Contributions	-	-	-	124,000	124,000
Total revenues	1,431,461	468,637	59,662	156,683	2,116,443
EXPENDITURES					
Interment services:					
Salaries and employee benefits	281,458	-	-	-	281,458
Services and supplies	347,210	82,029	-	-	429,239
Total interment services	628,668	82,029	-	-	710,697
Capital outlay	-	93,118	-	-	93,118
Total expenditures	628,668	175,147	-	-	803,815
Excess of revenues over expenditures	802,793	293,490	59,662	156,683	1,312,628
OTHER FINANCING SOURCES (USES)					
Transfers in	167,285	1,400,000	-	-	1,567,285
Transfers out	(1,400,000)	(143,922)	(23,363)	-	(1,567,285)
Total other financing sources (uses)	(1,232,715)	1,256,078	(23,363)	-	-
Net change in fund balances	(429,922)	1,549,568	36,299	156,683	1,312,628
FUND BALANCES					
Fund balances - beginning of year	1,977,796	9,277,407	804,891	3,424,612	15,484,706
Fund balances - end of year	\$ 1,547,874	\$ 10,826,975	\$ 841,190	\$ 3,581,295	\$ 16,797,334

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

SARATOGA CEMETERY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - governmental funds	\$ 1,312,628
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital asset additions	93,118
Depreciation expense	<u>(93,502)</u>
	(384)
Amounts reported for governmental activities in the statement of activities are difference because: Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
	<u>(252)</u>
Change in net position of governmental activities	<u><u>\$ 1,311,992</u></u>

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

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 1—Summary of Significant Accounting Policies

The Saratoga Cemetery District (the “District”) was organized in August 1927 and operates in conformity with the provisions of Part 4 of Division 8 of the Health and Safety Code, commencing at Section 8890. The District currently maintains the Madronia Cemetery located at 14766 Oak Street in Saratoga, California. The District provides lower cost cemetery plots and burials for the residents and taxpayers, including their qualified relatives, located within the boundaries of the District. The current boundaries of the District include the cities of Saratoga and Monte Sereno, and portions of the County of Santa Clara that fall within the Saratoga Union Elementary School District. The District is governed by a five-member Board of Trustees appointed by the County of Santa Clara’s Board of Supervisors for a term of four years.

The financial statements of the District have been prepared in conformity with the accounting principles generally accepted in the United States of America (“GAAP”), as specified by the Governmental Accounting Standards Board (“GASB”). The more significant of the District’s accounting policies are described below.

Financial Statement Presentation

The District’s financial report is prepared in accordance with GAAP which prescribes that the following sections be presented:

- Management’s Discussion and Analysis - GAAP requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of management’s discussion and analysis (“MD&A”). The District has not presented the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

- Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Primary Government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the Primary Government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues as they are not levied for a particular program.

Fund Financial Statements – The fund financial statements provide information about the District’s governmental fund. Separate statements for each fund category – governmental– are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Separate financial statements are provided for the major individual governmental funds reported as separate columns in the fund financial statements.

- Required Supplementary Information (“RSI”) - Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GAAP reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.
- Financial Reporting Entity - The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government’s reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not have any component units.

1. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with GAAP as applicable to governmental units. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year when all eligibility requirements imposed by the provider have been satisfied.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government and culture and recreation) which are otherwise being supported by general government revenues, (property certain intergovernmental revenues, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Licenses, permits, are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when all eligibility requirements have been satisfied. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds - Governmental Funds are those through which most governmental functions typically are financed. The District reports the General Fund, Capital Projects Fund, and Permanent Funds as major governmental funds.

General Fund - The General Fund is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Capital Projects Fund - The capital projects fund accounts for the acquisition and construction of the District's major capital expenditures.

Special Revenue Fund - The special revenue fund accounts for the preneed interment activities of the District.

Permanent Fund - The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support maintenance and repairs of the cemetery.

2. Budgetary Information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The capital projects fund is appropriated on a project-length basis. The permanent fund does not have an appropriated budget since other means control the use of these resources (e.g., endowment requirements).

The appropriated budget is prepared by fund. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. Changes require the approval of the Board of Trustees. Appropriations in the budgeted fund lapse at the end of the fiscal year.

These budgets are revised by the District's governing board and general manager during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund and Major Special Revenue Fund are presented as Required Supplementary Information.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

3. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Assets, liabilities, deferred outflows/inflows, and net position/fund balance

1. *Investments*

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposits, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

The California Local Agency Investment Fund is managed by the California, Office of the Treasurer, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in the Pool are valued at the Pool’s share price, the price at which the investment could be sold.

2. *Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable vaults. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

3. *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements for the District. Capital assets are defined by the Districts as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$2,500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Primary Government, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	20
Motor vehicles	10
Equipment	5 - 20
Infrastructure	20 - 30

4. *Net Position*

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bonds or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

5. Fund Balance

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The governmental fund types classify fund balances as follows:

- **Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventory) or (b) legally or contractually required to be maintained intact (e.g., long-term amount of loans/note receivable). The nonspendable balance reports for inventory, prepaid items, and principal endowment balance.
- **Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes by external parties, constitutional provisions, or imposed by creditors (e.g., bond covenants). Interest earned on the endowment principle is restricted for repairs and maintenance of cemetery grounds.
- **Committed Fund Balance** – This portion of fund balance can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority. Any changes or removal of specific purpose requires majority action by the governing body. The capital projects fund committed funds for land acquisition.
- **Assigned Fund Balance** – The portion of fund balance that the District intends to use for specific purposes as expressed by the governing body itself, the budget document, or delegated official, the District Manager. Fund balances in the General Fund are assigned by resolution of the Board of Directors. The assigned fund balance is to reserve funds for future capital expenditures and preneed interments.
- **Unassigned Fund Balance** – The portion of the fund balance available for any purpose. Includes all spendable amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

As previously mentioned, sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the sample purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

5. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as program revenues include (1) changes to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

The District receives property tax revenue from Santa Clara County (the County). The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal year.

On March 31, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year- end, the County advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.

3. *Compensated Absences*

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government-service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

Note 2—Deposits and Investments

A. Cash and investments

It is the policy of the Saratoga Cemetery District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and confirming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

The District's Investment Policy and the California Government Code allow the District to invest in the following provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District's Investment Policy where it is more restrictive:

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Required Rating
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
Banker's Acceptances	5 years	None	None
Commercial Paper – Selected Agencies	270 Days	None	None
Commercial Paper – Other Agencies	270 Days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds & Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage pass-Through Securities	5 years	20%	AA
Bank/Time Deposits	5 years	None	None
County pooled Investment Funds	5 years	None	None
Joint Powers Authority	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None

The District utilizes a pooled cash and investment concept for the cash deposits in financial institutions, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The District has authorized staff to invest cash with the Santa Clara County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. State statutes govern the County's investment policies.

B. Cash deposits with financial institutions

Custodial credit risk – deposits. In the case of deposits, this is the risks that in the event of a bank's failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District reports cash and deposits of \$6,309,155 and \$277,854 of that amount was exposed to custodial credit risk because it was uninsured. The carrying amount of the deposits as of June 30, 2021, was \$6,309,155.

Government-wide Statement of Net Position

Governmental activities:

Cash with financial institutions	\$ 527,854
Cash with Santa Clara County Investment Pool	5,749,713
Cash with fiscal agents/brokers	31,588
Total carrying amount of deposits	\$ 6,309,155

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Cash in the Santa Clara County Treasury – Santa Clara County is a fiscal agent of the District. The fair value of the District's investment in the county pool is reported at amounts based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized costs basis. Santa Clara County investment pool funds were available for withdrawal on demand and had an average maturity date of 615 days. All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

C. Investments

State statutes authorize the Saratoga Cemetery District to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and the State Treasurer's Investment Pool.

California Local Agency Investment Fund – The District is a participant in the Local Agency investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, States Treasury Notes and Bills, and corporations. At June 30, 2021, these investments had an average maturity date of 291 days.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Investment Pool and LAIF, which had fair values of approximately \$9.9 billion and \$196.3 billion, respectively as of June 30, 2021. The sensitivity of the fair values of the District's investments to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was less than one-year on June 30, 2021.

As of June 30, 2021, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1 year	1-5 years	More than 5 years
Santa Clara County Investment Pool	\$ 5,749,713	\$ 5,749,713	\$ -	\$ -
Local Agency Investment Fund	997,150	376,775	-	-
Government Bonds	3,616,225	376,775	2,913,675	325,775
Certificates of Deposits	1,029,565	679,610	349,955	-
Corporate Bonds	2,571,504	1,083,298	1,488,206	-
Mutual Funds	2,277,793	2,277,793	-	-
Total Investments at Fair Value	\$ 15,621,575	\$ 10,543,964	\$ 4,751,836	\$ 325,775

Credit Risk. – Generally, credit Risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of investments table above shows the minimum rating under the actual rating of the District's investments at year end. The investment with the County's investment pool is governed by the County's general investment policy. The County's investments in 2020-21 included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The District's investment in LAIF is not rated. The District's cash with fiscal agent and brokers includes investments rated from BAA1 to AA+.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Custodial Credit Risk – Investments – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District’s investment policy does not provide guidance about concentration of credit risk. The District’s policy specifically prohibits the use of or the investment in derivatives and tri-party repurchase agreements.

Fair Value of Investments – The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy has three levels and is based on the valuation inputs used to measure an asset’s fair value. Deposits and withdrawals in the Santa Clara County Investment Pool are made in the basis of \$1 and not fair value. In addition, deposits and withdrawals in the California local agency investment fund are made in the basis of \$1 and not fair value. These guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs

Debt and equity securities classified as Level 1 are value using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are prices using the last trade price or estimated using recent trade prices. At June 30, 2021, the District had the following recurring fair value measurements:

Investments by Fair Value Level	June 30, 2021	Level 1	Level 2	Level 3
Government Bonds	\$ 3,616,225	\$ 376,775	\$2,913,675	\$325,775
Certificates of Deposits	1,029,565	679,610	349,955	-
Corporate Bonds	2,571,504	1,083,298	1,488,206	-
Mutual Funds	2,277,793	2,277,793	-	-
Total Investments at Fair Value	\$ 9,495,087	\$4,417,476	\$4,751,836	\$325,775

Reconciliation to basic financial statements – The investments as of June 30, 2021, are reported in the financial statements as follows:

	<u>Governmental</u>
Cash	6,309,155
Investments	10,492,237
Total cash and investments	<u>\$ 16,801,392</u>

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 3—Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance			Balance
	July 1, 2020	Increase	Decrease	June 30, 2021
Governmental Activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,690,158	\$ -	\$ -	\$ 1,690,158
Work in progress	66,411	85,541	-	151,952
Total capital assets not subject to depreciation	<u>1,756,569</u>	<u>85,541</u>	<u>-</u>	<u>1,842,110</u>
Capital assets subject to depreciation:				
Buildings, improvements, and infrastructure	3,046,784	7,577	-	3,054,361
Machinery and equipment	169,330	-	-	169,330
Total capital assets being depreciated	<u>3,216,114</u>	<u>7,577</u>	<u>-</u>	<u>3,223,691</u>
Less accumulated depreciation for:				
Buildings, improvements, and infrastructure	(1,713,194)	(90,223)	-	(1,803,417)
Machinery and equipment	(138,702)	(3,279)	-	(141,981)
Total accumulated depreciation	<u>(1,851,896)</u>	<u>(93,502)</u>	<u>-</u>	<u>(1,945,398)</u>
Total capital assets being depreciated, net	<u>1,364,218</u>	<u>(85,925)</u>	<u>-</u>	<u>1,278,293</u>
Capital assets, net	<u>\$ 3,120,787</u>	<u>\$ (384)</u>	<u>\$ -</u>	<u>\$ 3,120,403</u>

Depreciation expense for the year ended June 30, 2021 was \$93,502.

Note 4—Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2021, are as follows:

	Balance			Balance	Due Within
	July 1, 2020	Increases	Decreases	June 30, 2021	One Year
Primary Government:					
Compensated absences payable	8,833	\$ 9,493	\$ (9,241)	\$ 9,085	\$ 1,817
Total	<u>\$ 8,833</u>	<u>\$ 9,493</u>	<u>\$ (9,241)</u>	<u>\$ 9,085</u>	<u>\$ 1,817</u>

Note 5—Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2021, is as follows:

	Transfers in:		
	Capital Projects Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$1,400,000	\$ -	\$1,400,000
Capital Projects Fund		143,922	143,922
Special Revenue Fund	23,363		23,363
Total	<u>\$1,423,363</u>	<u>\$ 143,922</u>	<u>\$1,567,285</u>

During the year, transfers are used to provide general fund resources to provide annual subsidy to the capital projects fund. When preneed interments are converted to at-need interments, the special revenue fund provides a subsidy to account for the burial expenditures reported in the general fund.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 6—Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	General Fund	<u>\$ 261,376</u>

The reciprocal interfund activity consist of the funding of cash deposits to cover the general fund’s negative cash deposit balance held at a financial institution. The deposits held at a financial institution are internally pooled and reported in the general fund, capital projects fund, special revenue fund, and permanent fund.

Note 7—Litigation

At June 30, 2021, there were no matters of litigation involving the District or which would materially affect the District’s financial position should any court decisions on pending matters not be favorable to such entities.

Note 7—Deferred Compensation Plan

The District offers a deferred compensation 457b plan to all employees with the exception of Board members. The District also offers all employees a 401A retirement plan in which the District contributes 10% of the employee’s base pay at the end of each quarter to Nationwide Retirement solutions. Board members are excluded from this plan. For the year ended June 30, 2021, the District contributed \$17,810.

Note 8—Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District uses the Special District Risk Management Authority to account for and finance risks for workers’ compensation, general liability, and property damage. Insurance policies are purchased for the following exposures with the deductible, or the amount of risk retention indicated in parenthesis: public officials and employee practices liability (\$1,000/\$1,000 deductible), boiler and machinery (\$1,000 deductible), employee faithful performance (\$1,000 deductible), and an excess liability insurance policy of the Saratoga Cemetery District retains risks up to \$2,500,000. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

During the year ended June 30, 2021, the District made payments of approximately \$19,117 to SDRMA for its coverage.

Note 9—Change in Accounting Principle and Restatement of Prior Period Net Position and Fund Balances

The guidance from GASB 84, states that changes adopted to conform to the provisions of this statement should be applied retroactively by restating financial statements for all prior periods presented. There is further guidance to identify fiduciary activities. According to the definition of a fiduciary activity found in GASB 84, the preneed interment activities no longer should be reported as fiduciary activities and be reclassified to a special revenue fund and included in the governmental activities of the District.

SARATOGA CEMETERY DISTRICT
Notes to the Financial Statements
June 30, 2021

Below reports the restatement of the government-wide financial statements and the governmental funds financial statements.

Government-wide	Government Activities
Net position, June 30, 2020, previously reported	\$ 17,791,769
Reclassification of preneed interment activities to governmental activities	804,891
Net position balance, as restated, June 30, 2020	<u>\$ 18,596,660</u>
Governmental Funds	
Fund balances, June 30, 2020 previously reported	\$ -
Reclassification of preneed interment activities to special revenue fund	804,891
Fund balances, as restated, June 30, 2020	<u>\$ 804,891</u>

Required Supplementary Information

SARATOGA CEMETERY DISTRICT
General Fund
Statement of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ -	\$ -	\$ 1,206,871	\$ 1,206,871
Intergovernmental	-	-	3,587	3,587
Charges for services	-	-	198,740	198,740
Investment earnings	-	-	22,263	22,263
Total revenues	<u>-</u>	<u>-</u>	<u>1,431,461</u>	<u>1,431,461</u>
EXPENDITURES				
Interment services:				
Salaries and employee benefits	290,000	290,000	281,458	8,542
Services and supplies	745,860	745,860	347,210	398,650
Total interment services	<u>1,035,860</u>	<u>1,035,860</u>	<u>628,668</u>	<u>407,192</u>
Total expenditures	<u>1,035,860</u>	<u>1,035,860</u>	<u>628,668</u>	<u>407,192</u>
Excess of revenues over expenditures	<u>(1,035,860)</u>	<u>(1,035,860)</u>	<u>802,793</u>	<u>1,838,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	167,285	167,285
Transfers out	-	-	(1,400,000)	1,400,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,232,715)</u>	<u>(1,232,715)</u>
Net change in fund balances	(1,035,860)	(1,035,860)	(429,922)	605,938
FUND BALANCES				
Fund balances - beginning of year	1,977,796	1,977,796	1,977,796	-
Fund balances - end of year	<u>\$ 941,936</u>	<u>\$ 941,936</u>	<u>\$ 1,547,874</u>	<u>\$ 605,938</u>

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

SARATOGA CEMETERY DISTRICT
Special Revenue Fund
Statement of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	60,938	60,938
Investment earnings	-	-	(1,276)	(1,276)
Total revenues	<u>-</u>	<u>-</u>	<u>59,662</u>	<u>59,662</u>
EXPENDITURES				
Interment services:				
Salaries and employee benefits	-	-	-	-
Services and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interment services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>59,662</u>	<u>59,662</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(23,363)</u>	<u>23,363</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(23,363)</u>	<u>(23,363)</u>
Net change in fund balances	-	-	36,299	36,299
FUND BALANCES				
Fund balances - beginning of year	<u>804,891</u>	<u>804,891</u>	<u>804,891</u>	<u>-</u>
Fund balances - end of year	<u>\$ 804,891</u>	<u>\$ 804,891</u>	<u>\$ 841,190</u>	<u>\$ 36,299</u>

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

SARATOGA CEMETERY DISTRICT
Notes to Required Supplementary Information
Statement of Revenues Expenditures and Changes in Fund Balance – Budget to Actual
June 30, 2021

Budgetary Basis of Accounting

Budget for the general fund are prepared on generally accepted accounting principles basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis. Due to the reclassification, the District did not prepare a budget for the special revenue fund.

Annual budget requests are submitted by the District's staff to the District Board of Trustees for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Trustees, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

Other Independent Auditor's Report



david farnsworth cpa
ACCOUNTING • ADVISORY • ASSURANCE

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*

To the Board of Trustees
Saratoga Cemetery District
Saratoga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Saratoga Cemetery District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses, described in the accompanying schedule of findings and recommendations as items 2021-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Saratoga 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.

Saratoga Cemetery District's Response to Findings

District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Saratoga Cemetery District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

David Farnsworth, CPA

David Farnsworth, CPA

Dublin, CA

June 22, 2022

SARATOGA CEMETERY DISTRICT
Schedule of Findings and Recommendations
June 30, 2021

2021-01 Cash (Material Weakness)

Criteria

An organization should have policies and monitoring controls to ensure that cash accounts are reconciled on a timely basis at the account and fund level.

Condition

Cash reconciliations were not performed in accordance with District policy. There were one cash account with a financial institution, 4 accounts with the Santa Clara County Investment Pool, and four investment accounts that were not reconciled for the month ended June 2021 until January and February 2022.

Cause

The District did not comply with financial District policies and monitoring controls over cash operations were not working effectively.

Effect of Condition

The District runs the risk of communicating financial reports to the Board, management, or other stakeholders with cash balances not reporting the correct cash position and not reporting the correct cash position for any given fund.

Recommendation

We recommend implementing monitoring controls over cash operations to ensure cash reconciliations are performed in accordance with District policy at the account and fund level.

Views of Responsible Officials

Management accepts the audit finding and is planning on fixing the material weakness. Management plans to enforce quarterly cash reconciliations on an account and fund basis after the end of each quarter. The timeline is to prepare bank reconciliations no later than 60 days after quarter end. Management is planning on rectifying the material weakness no later than May 2022.

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