

**SARATOGA CEMETERY DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2012**



**SARATOGA CEMETERY DISTRICT**

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**JUNE 30, 2012**

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*FINANCIAL SECTION*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Saratoga Cemetery District  
Saratoga, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Saratoga Cemetery District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Saratoga Cemetery District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 evidence sufficient to express an opinion or provide any assurance.

The Saratoga Cemetery District has not presented management's discussion and analysis that the Governmental Accounting Standards Board have determined is necessary to supplement, although not required to be part of, the basic financial statements.



September 6, 2012

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## BASIC FINANCIAL STATEMENTS

SARATOGA CEMETERY DISTRICT

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET  
 JUNE 30, 2012

	Fund Financial Statement			
	General Fund	Capital Projects / Land Acquisition Fund	Permanent / Endowment Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 456,007	\$ 3,118,532	\$ 2,232,282	\$ 5,806,821
Accounts receivable	939	8,754	5,582	15,275
Prepaid expense	23	-	-	23
Inventory	14,262	-	-	14,262
Capital assets, non-depreciable	-	-	-	-
Capital assets, depreciable, net	-	-	-	-
<b>Total Assets</b>	<b>\$ 471,231</b>	<b>\$ 3,127,286</b>	<b>\$ 2,237,864</b>	<b>\$ 5,836,381</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 14,984	\$ 37,539	\$ -	\$ 52,523
Deferred revenue	-	-	-	-
Long-term liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>14,984</b>	<b>37,539</b>	<b>-</b>	<b>52,523</b>
<b>FUND BALANCES/ NET ASSETS</b>				
Invested in capital assets, net of related debt	-	-	-	-
Non-spendable / Restricted	14,385	-	915,029	929,414
Spendable:				
Assigned	-	3,089,747	1,322,835	4,412,582
Unassigned / Unrestricted	441,862	-	-	441,862
<b>Total Fund Balance/ Net Assets</b>	<b>456,247</b>	<b>3,089,747</b>	<b>2,237,864</b>	<b>5,783,858</b>
<b>Total Liabilities and Fund Balance / Net Assets</b>	<b>\$ 471,231</b>	<b>\$ 3,127,286</b>	<b>\$ 2,237,864</b>	<b>\$ 5,836,381</b>

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

**Government-  
Wide Statement**

Adjustments (Note 2 A.)	Statement of Net Assets
\$ -	\$ 5,806,821
-	15,275
-	23
-	14,262
2,557,688	2,557,688
421,840	421,840
<u>\$ 2,979,528</u>	<u>\$ 8,815,909</u>
\$ -	\$ 52,523
-	-
12,744	12,744
<u>12,744</u>	<u>65,267</u>
2,979,528	2,979,528
(14,385)	915,029
(4,412,582)	-
<u>4,414,223</u>	<u>4,856,085</u>
<u>2,966,784</u>	<u>8,750,642</u>
<u>\$ 2,979,528</u>	<u>\$ 8,815,909</u>

SARATOGA CEMETERY DISTRICT

STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012

	Fund Financial Statement			
	General Fund	Capital Projects / Land Acquisition Fund	Permanent / Endowment Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 645,537	\$ -	\$ -	\$ 645,537
Intergovernmental	4,314	-	-	4,314
Charges for services	108,450	152,569	-	261,019
Investment income	3,083	79,830	65,023	147,936
Endowment care	-	-	28,146	28,146
Other revenue	32,932	-	-	32,932
<b>Total Revenues</b>	794,316	232,399	93,169	1,119,884
<b>EXPENDITURES / EXPENSES</b>				
Salaries and benefits	204,443	-	-	204,443
Services and supplies	264,999	275	-	265,274
Capital Outlay	-	744,396	-	744,396
Depreciation	-	-	-	-
<b>Total Expenditures / Expenses</b>	469,442	744,671	-	1,214,113
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	324,874	(512,272)	93,169	(94,229)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	300,000	-	300,000
Transfers out	(300,000)	-	-	(300,000)
<b>Net Financing Sources (Uses)</b>	(300,000)	300,000	-	-
<b>NET CHANGE IN FUND BALANCE</b>				
<b>/ NET ASSETS</b>	24,874	(212,272)	93,169	(94,229)
<b>Fund Balance / Net Assets - Beginning</b>	431,373	3,302,019	2,144,695	5,878,087
<b>Fund Balance / Net Assets - Ending</b>	\$ 456,247	\$ 3,089,747	\$ 2,237,864	\$ 5,783,858

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

**Government-  
Wide Statement**

<b>Adjustments (Note 2 B.)</b>	<b>Statement of Net Assets</b>
\$ -	\$ 645,537
-	4,314
-	261,019
-	147,936
-	28,146
-	32,932
-	1,119,884
(3,089)	201,354
-	265,274
(744,396)	-
26,667	26,667
(720,818)	493,295
720,818	626,589
(300,000)	-
300,000	-
-	-
720,818	626,589
2,245,966	8,124,053
\$ 2,966,784	\$ 8,750,642

**SARATOGA CEMETERY DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

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	<u>Pre-Need Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 497,228
Accounts receivable	938
<b>Total Assets</b>	<b>\$ 498,166</b>
<b>LIABILITIES</b>	
Historical value of pre-need contracts	\$ 278,451
<b>NET ASSETS</b>	
Unrestricted	219,715
<b>Total Liabilities and Fund Balance</b>	<b>\$ 498,166</b>

SARATOGA CEMETERY DISTRICT

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

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	<u>Pre-Need Fund</u>
<b>ADDITIONS</b>	
Pre-need sales	\$ 230,281
Investment earnings	14,805
<b>Total Additions</b>	<b>245,086</b>
<b>DELETIONS</b>	
Pre-need uses	35,027
<b>NET CHANGE IN FUND BALANCE</b>	<b>210,059</b>
<b>Net Assets - Beginning</b>	<b>9,656</b>
<b>Net Assets - Ending</b>	<b>\$ 219,715</b>

# SARATOGA CEMETERY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **A. Financial Reporting Entity**

The Saratoga Cemetery District (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.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Saratoga Cemetery District, this includes general operations and endowment activities of the District.

#### **B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

#### **C. Other Related Entities**

Joint Powers Authority (JPA). The District is associated with Special District Risk Management Authority. This organization does not meet the criteria for inclusion as a component unit of the District. Summarized financial statements are presented in Note 10

#### **D. Basis of Presentation**

**Government-Wide Statements.** The statement of net assets and the statement of activities display information about the Saratoga Cemetery District (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

**Governmental funds** are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include the basic operations of the District.



## SARATOGA CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2012

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#### Major Governmental Funds

**General Fund.** The general fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of a District's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. A District may have only one general fund.

**Capital Projects/Land Acquisition Fund.** This fund is used to account for resources that are restricted to the extent that earnings, but not principal, may be used for purposes that support the District's operations. The principal may never be spent.

**Permanent/Endowment Fund.** This fund is used to account for resources that are restricted to the extent that earnings, but not principal, may be used for purposes that support the District's operations. The principal may never be spent.

#### Fiduciary Funds

These funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

**Pre-Need Fund.** The Pre-Need Burial Fund is a private-purpose trust fund which transfers funds from its earnings to the General fund to finance burial expenditures.

#### **E. Basis of Accounting – Measurement Focus**

##### **Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

##### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after year end. Property taxes, sales and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2012**

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**F. Assets, Liabilities, and Net Assets**

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2012, based on market process. The individual funds' portions of the pool's fair value are presented as a part of "Cash and cash equivalents." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

**Cash and Cash Equivalents**

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10 to 20 years
Site Improvements	5 to 15 years
Equipment	5 to 20 years

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

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

**Fund Balance Reserves and Designations**

Fund balance is divided into three classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

## SARATOGA CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED JUNE 30, 2012

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*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Assigned* - The assigned fund balance classification reflects amounts that the government intends to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has no related debt outstanding as of June 30, 2012. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental column of the statement of activities.

#### **Estimates**

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

#### **Budgetary Data**

The District adopts an annual budget on or before June 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriation.

**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2012**

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The Board of Trustees may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Trustees; hence they legally are one year contracts with an option for renewal for another year.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

**NOTE 2 - RECONCILIATION BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE STATEMENTS**

**A. Governmental Funds Balance Sheet and Statement of Net Assets**

<b>Total Fund Balance - Governmental Funds</b>	\$	5,783,858
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Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

Capital assets:

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

	Capital assets	\$ 4,283,344	
	Accumulated depreciation	(1,303,816)	2,979,528

Long-term liabilities:

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

	Compensated absences	11,744	
	Deposits held for others	1,000	(12,744)
<b>Total Net Assets - Governmental Activities</b>		<b>\$</b>	<b>8,750,642</b>

SARATOGA CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 JUNE 30, 2012

**B. Governmental Funds Operating Statements and the Statement of Activities**

Net Change in Fund Balances - Governmental Funds \$ (94,229)

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

	Expenditures for capital outlay: \$	744,396	
	Depreciation expense:	(26,667)	717,729

Compensated absences:

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

3,089

**Change in net assets of Governmental Activities** **\$ 626,589**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**A. Summary of Deposits and Investments**

	<b>Governmental</b>	<b>Fiduciary Funds</b>	<b>Total</b>
	<b>Activities</b>		
Cash on hand	\$ 100	\$ -	\$ 100
Deposits in financial institutions	1,811,086	230,286	2,041,372
Investments	3,995,635	266,942	4,262,577
<b>Total</b>	<b>\$ 5,806,821</b>	<b>\$ 497,228</b>	<b>\$ 6,304,049</b>

## SARATOGA CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED JUNE 30, 2012

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#### **B. Policies and Practices**

The District may invest monies of the local agency in accordance with the provisions of California Government Code Sections 5921, 53600 and 53635 et seq. It shall be the policy of the Saratoga Cemetery District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all statutes governing the investment of Saratoga Cemetery District funds. The District's general authorizations are as follows:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit (%)</u>	<u>Required Rating</u>
Local Agency Bonds	5 Years	None	None
U.S. Treasury Bills, Notes or Bonds	5 Years	None	None
State Registered Warrants, Notes or Bonds	5 Years	None	None
Notes & Bonds of other Local Calif. Agencies	5 Years	None	None
U.S. Agencies	5 Years	None	None
Bankers Acceptances	180 Days	40%	None
Prime Commercial Paper	270 Days	25%	A1/P1/F1
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium Term Corporate Notes	5 Years	30%	A
Money Market Mutual Funds & Mutual Funds	5 Years	20%	2-AAA
Collateralized Bank Deposits	5 Years	None	None
Mortgage pass-Through Securities	5 Years	20%	AA
County pooled Investment Funds	N/A	None	None
Joint Powers Authority	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

**External Investment Pools** – The District is a participant in two external investment pools; there is cash in the Santa Clara County treasury pool and the other is the Local Agency Investment Fund (LAIF). The cash in county pool is overseen by the Santa Clara County Controller-Treasurer Division. The LAIF is overseen by the Local Investment Advisory Board (LIAB); which consists of five members as designated by statute. The State Treasurer, as Chairman, or his designated representative appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

#### **C. 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 county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

#### **D. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not required to be rated. The Investment Agreements were not rated.

**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**JUNE 30, 2012**

**E. Specific Identification**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type:	S & P Rating	Carrying Amount	Maturities			
			12 months or less	13 to 24 months	25 to 60 months	60 to 348 *
External Investment Pool, Cash in county	N/A	\$ 608,409	\$ -	\$ 608,409	\$ -	\$ -
Local Agency Investment Fund (LAIF)	N/A	915,926	-	915,926	-	-
Mutual funds						
Bond Fund of America	Avg. AA	510,528	-	510,528	-	-
Wells Fargo Fds TR Short Duration	Avg. BBB *	320,339	-	-	320,339	-
Bonds, Federal Home Loan Bank	AA+	86,210	-	-	-	86,210
Bonds, Callable						
Bell South (Callable, N/A)	A- *	81,853	-	-	81,853	-
Federal Farm Credit Bank (Callable, 12/21/2012)	AA+	161,973	-	-	-	161,973
Federal Home Loan Bank (Callable, 6/13/2013)	AA+	70,525	-	-	-	70,525
Federal National Mortgage Association (FNMA, "Fannie Mae"), (Callable, 6/14/2013)	AA+	49,051	-	-	-	49,051
Commercial Paper, General Electric *	AA+	54,214	-	-	54,214	-
Government Backed, CMO Assets						
Federal Home Loan Mortgage Corporation (FHLMC, "Freddie Mac")	AA	234,462	-	-	-	234,462
Federal National Mortgage Association (FNMA, "Fannie Mae")	AA	128,735	-	-	-	128,735
Government National Mortgage Association (GNMA, "Ginnie Mae")	AA	374,403	-	-	-	374,403
Internotes						
General Electric *	AA+	52,220	-	52,220	-	-
HSBC Finance Corp	A	50,868	50,868	-	-	-
Notes, Wal-Mart Stores	AA	49,935	-	-	49,935	-
Notes, Callable						
FHLMC, "Freddie Mac" (Callable, 7/15/2012)	AA+	50,055	-	-	-	50,055
FNMA, "Fannie Mae" (Callable, 1/25/2013 & 5/17/2013)	AA+	111,990	-	-	-	111,990
Notes, Foreign Medium Term						
Barclays Bank *	A+	46,151	-	-	-	46,151
Rabobank Nederland *	AA	59,659	-	-	59,659	-
Royal Bank of Scotland *	Moody's A3	99,507	-	-	99,507	-
Notes, Senior						
Goldman Sachs, Senior Notes	A- *	50,435	-	-	50,435	-
US Bancorp, Senior Notes	A	95,129	-	-	95,129	-
<b>Total</b>		<b>\$ 4,262,577</b>	<b>\$ 50,868</b>	<b>\$ 2,087,083</b>	<b>\$ 811,071</b>	<b>\$ 1,313,555</b>

**F. Investments Outside the Stated Investment Policy**

As indicated by an “ \* ”, these investments are outside the District’s stated investment policy. These investments have maturities greater than 270 days for commercial paper and greater than five years for everything else, bonds issued by foreign based companies, and investments in securities below an “A” rating. The District intends on changing the investment policy to match the investments in place.

**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2012**

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**G. Custodial Credit Risk – Deposits**

This 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. As of June 30, 2012, \$1,765,194 of the District's \$2,054,346 bank balance was FDIC insured.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts Receivable as of June 30, 2012.

	<b>General Fund</b>	<b>Capital Projects / Land Acquisition Fund</b>	<b>Permanent / Endowment Fund</b>	<b>Total Governmental Funds</b>	<b>Pre-Need Fund</b>
Interest	\$ 939	\$ 8,754	\$ 5,582	\$ 15,275	\$ 938



**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2012**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<b>Balance July 01, 2011</b>	<b>Additions</b>	<b>Balance June 30, 2012</b>
Capital assets not being depreciated			
Land	\$ 1,690,158	\$ -	\$ 1,690,158
Construction in progress	123,134	744,396	867,530
<b>Total Capital Assets not Being Depreciated</b>	<b>1,813,292</b>	<b>744,396</b>	<b>2,557,688</b>
Capital assets being depreciated			
Land improvements	630,619	-	630,619
Buildings & improvements	961,148	-	961,148
Furniture & equipment	133,889	-	133,889
<b>Total Capital Assets Being Depreciated</b>	<b>1,725,656</b>	<b>-</b>	<b>1,725,656</b>
Less Accumulated Depreciation			
Land improvements	419,604	8,106	427,710
Buildings & improvements	725,758	17,961	743,719
Furniture & equipment	131,787	600	132,387
<b>Total Accumulated Depreciation</b>	<b>1,277,149</b>	<b>26,667</b>	<b>1,303,816</b>
<b>Capital Assets, net</b>	<b>\$ 2,261,799</b>	<b>\$ 717,729</b>	<b>\$ 2,979,528</b>

**NOTE 6 - INTERFUND TRANSACTIONS - OPERATING TRANSFERS**

The General Fund transferred to the Land Acquisition Fund \$300,000 for future land purchases.

**NOTE 7 - ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2012.

	<b>General Fund</b>	<b>Capital Projects / Land Acquisition Fund</b>	<b>Total Governmental Funds</b>
Utilities	\$ 8,578	\$ 220	\$ 8,798
Construction	-	31,319	31,319
Other liabilities	6,406	6,000	12,406
<b>Total</b>	<b>\$ 14,984</b>	<b>\$ 37,539</b>	<b>\$ 52,523</b>

**SARATOGA CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 2012**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liabilities at June 30, 2012, include \$11,744 for compensated absences and \$1,000 for deposits held for rental property.

**NOTE 9 - FUND BALANCES**

Fund balances are composed of the following elements:

	<b>General Fund</b>	<b>Capital Projects / Land Acquisition Fund</b>	<b>Permanent / Endowment Fund</b>	<b>Total Governmental Funds</b>
<b>Non-spendable</b>				
Revolving cash	\$ 100	\$ -	\$ -	\$ 100
Inventory	14,262	-	-	14,262
Prepaid expenditures	23	-	-	23
Restricted for endowment	-	-	915,029	915,029
<b>Total non-spendable</b>	<b>14,385</b>	<b>-</b>	<b>915,029</b>	<b>929,414</b>
<b>Spendable</b>				
Assigned, future land purchase	-	3,089,747	-	3,089,747
Assigned, accumulated corpus earnings	-	-	1,322,835	1,322,835
Unassigned	441,862	-	-	441,862
<b>Total</b>	<b>\$ 456,247</b>	<b>\$ 3,089,747</b>	<b>\$ 2,237,864</b>	<b>\$ 5,783,858</b>

**NOTE 10 - PARTICIPATION IN JOINT POWERS AUTHORITY**

The District is a member of the Special District Risk Management Association (SDRMA) a joint powers authority. The District pays an annual premium to the authority for its workers' compensation, general liability, automobile liability, and property coverages. The relationship between the District and SDRMA is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between SDRMA and the District are included in these statements. Audited financial statements are available from the entity.

During the year ended June 30, 2012, the District made payments of approximately \$8,210 to SDRMA for its various coverages.

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*REQUIRED SUPPLEMENTARY INFORMATION*

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SARATOGA CEMETERY DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts (GAAP Basis)</u>		<u>Actual (GAAP Basis)</u>	<u>Variances - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 645,537	\$ 645,537
Intergovernmental	-	-	4,314	4,314
Charges for services	-	-	108,450	108,450
Investment income	-	-	3,083	3,083
Other revenue	-	-	32,932	32,932
<b>Total Revenues</b>	-	-	794,316	794,316
<b>EXPENDITURES</b>				
Salaries and benefits	232,150	232,150	204,443	(27,707)
Services and supplies	302,819	302,819	264,999	(37,820)
<b>Total Expenditures</b>	534,969	534,969	469,442	(65,527)
<b>Excess (Deficiency) of Revenues Over</b>				
<b>Expenditures</b>	(534,969)	(534,969)	324,874	859,843
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(300,000)	(300,000)
<b>Net Financing Sources (Uses)</b>	-	-	(300,000)	(300,000)
<b>NET CHANGE</b>				
<b>IN FUND BALANCE</b>	(534,969)	(534,969)	24,874	559,843
<b>Fund Balance - Beginning</b>	431,373	431,373	431,373	
<b>Fund Balance - Ending</b>	\$ (103,596)	\$ (103,596)	\$ 456,247	\$ 559,843