

**KEYSTONE CEMETERY DISTRICT,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018**

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**KEYSTONE CEMETERY DISTRICT**  
**Annual Financial Report**  
**For the Year Ended June 30, 2018**

**Table of Contents**

	Page
<b>INTRODUCTORY SECTION</b>	
List of Officials .....	i
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	4
Statement of Activities.....	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	6
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	9
Notes to Basic Financial Statements .....	10-19
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund .....	20
Note to Budgetary Comparison Schedule .....	21
<b>OTHER REPORT AND SCHEDULES</b>	
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 .....	22-23
Schedule of Findings and Recommendations .....	24-30
Schedule of Prior Year Findings and Recommendations .....	31-32
Management’s Corrective Action Plan .....	33

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**KEYSTONE CEMETERY DISTRICT**

**List of Officials**

**For the Year Ended June 30, 2018**

**Board of Trustees**

Morris Moody

Chairman

Dan Lucero

Trustee

Robert Roberts

Trustee

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Keystone Cemetery District  
Dobbins, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Keystone Cemetery District, California (District), as of and for the year ended June 30, 2018, 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.

To the Board of Trustees  
Keystone Cemetery District  
Dobbins, California

### **Basis for Qualified Opinion**

As discussed in Note 1H to the financial statements, management has not maintained detailed records of capital assets, accumulated depreciation or current year depreciation. Capital assets are recorded in the accompanying financial statements at \$105,794 for the fiscal year ending June 30, 2018. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated. The amount by which this departure would affect the assets, net position and expenses of the government-wide financial statements of the District is not reasonably determinable.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds of the District as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

To the Board of Trustees  
Keystone Cemetery District  
Dobbins, California

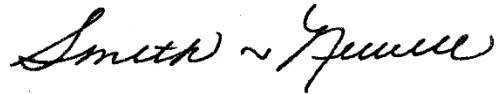
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 3, 2024, on our consideration of the 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 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 District's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
May 3, 2024

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**KEYSTONE CEMETERY DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 227,716
Receivables:	
Interest	911
Deposits	1,866
Capital assets:	
Depreciable, net	<u>105,794</u>
<b>Total Assets</b>	<u>336,287</u>
<b>LIABILITIES</b>	
Accounts payable	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>
<b>NET POSITION</b>	
Investment in capital assets	105,794
Restricted for:	
Endowment	
Nonexpendable	86,517
Unrestricted	<u>143,976</u>
<b>Total Net Position</b>	<u><u>\$ 336,287</u></u>

The notes to the basic financial statements are an integral part of this statement.

**KEYSTONE CEMETERY DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<u>Functions/Programs:</u>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:				
General government	\$ 47,223	\$ 5,235	\$ 373	\$ -
<b>Total Governmental Activities</b>	47,223	5,235	373	-
<b>Total</b>	\$ 47,223	\$ 5,235	\$ 373	\$ -
<b>General revenues:</b>				
Taxes				
Property taxes				36,219
Timber yield taxes				217
Interest and investment earnings				3,085
Miscellaneous				301
<b>Total General Revenues</b>				39,822
<b>Change in Net Position</b>				(1,793)
<b>Net Position - Beginning</b>				338,080
<b>Net Position - Ending</b>				\$ 336,287

The notes to the basic financial statements are an integral part of this statement.

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**KEYSTONE CEMETERY DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 141,538	\$ 86,178	\$ 227,716
Receivables:			
Interest	572	339	911
Deposits	1,866	-	1,866
<b>Total Assets</b>	<b>\$ 143,976</b>	<b>\$ 86,517</b>	<b>\$ 230,493</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-
<b>FUND BALANCES</b>			
Restricted	-	86,517	86,517
Unassigned	143,976	-	143,976
<b>Total Fund Balances</b>	<b>143,976</b>	<b>86,517</b>	<b>230,493</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 143,976</b>	<b>\$ 86,517</b>	<b>\$ 230,493</b>

The notes to the basic financial statements are an integral part of this statement.

**KEYSTONE CEMETERY DISTRICT**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2018**

<b>Total Fund Balance - Total Governmental Funds</b>	\$ 230,493
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds balance sheet.	<u>105,794</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 336,287</u></u>

The notes to the basic financial statements are an integral part of this statement.

**KEYSTONE CEMETERY DISTRICT**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 36,436	\$ -	\$ 36,436
Use of money	1,928	1,157	3,085
Intergovernmental	373	-	373
Charges for services	3,925	1,310	5,235
Other revenue	301	-	301
	42,963	2,467	45,430
<b>Total Revenues</b>			
<b>EXPENDITURES</b>			
Current general government:			
Salaries and benefits	33,216	-	33,216
Services and supplies	14,007	-	14,007
Capital outlay	3,052	-	3,052
	50,275	-	50,275
<b>Total Expenditures</b>			
<b>Net Change in Fund Balances</b>	(7,312)	2,467	(4,845)
<b>Fund Balances - Beginning</b>	151,288	84,050	235,338
<b>Fund Balances - Ending</b>	\$ 143,976	\$ 86,517	\$ 230,493

The notes to the basic financial statements are an integral part of this statement.

**KEYSTONE CEMETERY DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of the Governmental Funds to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2018**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (4,845)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	<u>3,052</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (1,793)</u></u>

The notes to the basic financial statements are an integral part of this statement.



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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Keystone Cemetery District is an appointed special district of California formed under Section 8900 of the Health & Safety Code. The District operates and maintains cemetery grounds in Yuba County. The financial transactions are recorded in the Yuba County accounting system and are reflected in a General fund and one permanent fund.

The District is governed by a three-member Board of Trustees. The Trustees themselves administer the operations of the District in accordance with policies adopted by the Board of Trustees and in accordance with Health & Safety Code Section 8950. The District employs a salaried District Manager to oversee the daily operations of the District. These financial statements encompass all fiscal activities under control of its Board of Trustees. Control was determined on the basis of budget adoption and continuing oversight responsibilities.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

**Component Units**

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information on all the activities of the District. These statements include the financial activities of the overall District. These statements report the governmental activities of the District, which are normally supported by taxes. The District had no business-type activities at June 30, 2018.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements**

Fund financial statements of the District are organized into two funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds, each displayed in a separate column.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.
- The Endowment fund is a permanent fund used to account for endowment collections.

**C. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax, grants, use of money and property, and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgements are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

**D. Non-Current Governmental Assets/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

**E. Investments**

The District pools all cash and investments with the County of Yuba. The Yuba County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Investments (Continued)**

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in the financial statements as unrealized gains or losses are not apportioned to pool participants.

**F. Receivables**

Receivables consist mainly of interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**G. Inventory**

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

**H. Capital Assets**

Capital assets are to be recorded at historical cost, or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are to be recorded at their acquisition value at the date of donation.

Capital assets used in operations would be depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-20 years
Structures and improvements	10-20 years

The District has not maintained detailed historical cost records for capital assets, accumulated depreciation or current year depreciation expense.

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

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2018, the District did not have any deferred outflows of resources.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. At June 30, 2018, the District did not have any deferred inflows of resources.

**J. Property Tax**

Yuba County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Yuba up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property taxes are due on March 1, and become delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the “Teeter Plan”. Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

**K. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures repay the funds that initially paid for them. Such reimbursements are reflected as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund.

All other interfund transactions are treated as transfers.

**L. Compensated Absences and Other Postemployment Benefits**

The District does not provide compensated absences or other postemployment benefits.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Estimates**

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

**N. Implementation of Governmental Accounting Standards Board (GASB) Statements**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 75**, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**Statement No. 81**, Irrevocable Split-Interest Agreements. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

**Statement No. 85**, Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

**Statement No. 86**, Certain Debt Extinguishment Issues. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt.

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2018, the District's cash and investments consisted of the following:

Cash and Investments:	
Yuba County Treasurer's pool	\$ <u>227,716</u>
Total Cash and Investments	\$ <u>227,716</u>

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**B. Investments**

The District does not have a formal investment policy. At June 30, 2018, all investments of the District were in the County of Yuba investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Medium-Term Corporate Notes
- Money Market Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Reverse Repurchase Agreements
- Securities of the Federal Government and of its Agencies
- California State Registered Warrants, Treasury Notes and Bonds
- Local Agency Obligations
- Certificates of Deposit
- Pass-Through Securities

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. 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 quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2018, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Yuba County Treasurer's Pool	<u>227,716</u>			
Total Investments	<u>\$ 227,716</u>			



**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

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 County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2018, the District's investments were all held with the County of Yuba investment pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the Yuba County investment pool which contains a diversification of investments.

**C. Investments in External Pool**

The Yuba County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Yuba County Pooled Investment Fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Yuba's financial statements may be obtained by contacting the County of Yuba Auditor-Controller's office at 915 8<sup>th</sup> Street, Suite 105, Marysville, CA 95901.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2018</u>
Capital Assets, Subject to Depreciation:				
Equipment	\$ 36,480	\$ -	\$ -	\$ 36,480
Improvements	<u>66,262</u>	<u>3,052</u>	<u>-</u>	<u>69,314</u>
Total Capital Assets, Subject to Depreciation	<u>102,742</u>	<u>3,052</u>	<u>-</u>	<u>105,794</u>
Less Accumulated Depreciation For:				
Equipment	-	-	-	-
Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Subject to Depreciation, Net	<u>102,742</u>	<u>3,052</u>	<u>-</u>	<u>105,794</u>
Total Capital Assets, Net	<u>\$ 102,742</u>	<u>\$ 3,052</u>	<u>\$ -</u>	<u>\$ 105,794</u>

**Depreciation**

The District has not calculated or recorded accumulated depreciation or current year depreciation expense for capital assets.

**NOTE 4: NET POSITION**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Net Position Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 5: FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amount restricted, committed, or assigned to those purposes

The fund balances for the governmental funds as of June 30, 2018, were distributed as follows:

	<u>General</u>	<u>Endowment</u>	<u>Total</u>
<b>Restricted for:</b>			
Endowment	\$ -	\$ 86,517	\$ 86,517
<b>Unassigned</b>	143,976	-	143,976
Total	\$ 143,976	\$ 86,517	\$ 230,493

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by unassigned fund balance.

**KEYSTONE CEMETERY DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 5: FUND BALANCES (CONTINUED)**

**Fund Balance Policy**

The Board of Trustees has not adopted a formal fund balance or minimum fund balance policy by passage of an ordinance or resolution.

**NOTE 6: 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; injuries to employees; and natural disasters. The District purchases coverage from a commercial carrier. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 7: OTHER INFORMATION**

**A. Subsequent Events**

Management has evaluated events subsequent to June 30, 2018 through May 3, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information**

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**KEYSTONE CEMETERY DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ 36,436	\$ 36,436
Use of money	-	-	1,928	1,928
Intergovernmental	-	-	373	373
Charges for services	-	-	3,925	3,925
Other revenue	-	-	301	301
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>42,963</u>	<u>42,963</u>
<b>EXPENDITURES</b>				
Current general government:				
Salaries and benefits	40,000	40,000	33,216	6,784
Service and supplies	77,000	77,000	14,007	62,993
Capital outlay	30,000	30,000	3,052	26,948
<b>Total Expenditures</b>	<u>147,000</u>	<u>147,000</u>	<u>50,275</u>	<u>96,725</u>
<b>Net Change in Fund Balances</b>	(147,000)	(147,000)	(7,312)	139,688
<b>Fund Balances - Beginning</b>	<u>151,288</u>	<u>151,288</u>	<u>151,288</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,288</u>	<u>\$ 4,288</u>	<u>\$ 143,976</u>	<u>\$ 139,688</u>

**KEYSTONE CEMETERY DISTRICT**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The Board of Trustees reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (2) Prior to January 1, the budget is adopted by motion.
- (3) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the District. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.



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## **OTHER REPORT AND SCHEDULES**

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Schedule of Prior Year Findings and Recommendations**
- **Management's Corrective Action Plan**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Keystone Cemetery District  
Dobbins, 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 Keystone Cemetery District, California (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2024.

**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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations to be a material weakness. (2018-001)

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies. (2018-002 through 2018-007)

To the Board of Trustees  
Keystone Cemetery District  
Dobbins, California

### **Compliance and Other Matters**

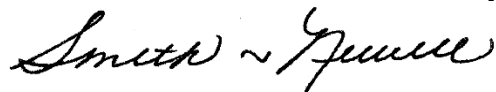
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings and recommendations as item 2018-003.

### **District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying management's corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.



Smith & Newell CPAs  
Yuba City, California  
May 3, 2024

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-001 Capital Assets (Material Weakness)**

**Criteria**

Good internal control over capital assets requires that a current detail listing of capital assets with complete historical costs and accumulated depreciation be maintained and that assets be capitalized in accordance with an approved capitalization policy.

**Condition**

A depreciation schedule including cost, accumulated depreciation and current year depreciation at June 30, 2018 was not available.

**Cause**

The District does not have a capitalization policy, a detailed listing of capital assets, and a depreciation schedule.

**Effect**

The District receives a qualified opinion on the annual financial report. In addition, the risk of errors or irregularities occurring and not being detected in a timely manner is increased when a detail listing of capital assets is not maintained.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-001.

**Recommendation**

We recommend that the District adopt a capitalization policy and that a detail listing of capital assets including depreciation be developed and maintained for all capital assets owned by the District.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-002 Policies and Procedures (Significant Deficiency)**

**Criteria**

Good internal control requires that procedures be documented and performed in a consistent manner in accordance with approved District policy.

**Condition**

We noted written policies and procedures for all current financial processes, including budgeting, setting assessment rates, processing expenditures and fund balance, have not been developed and approved by the Board of Trustees.

**Cause**

The District has not developed written policies and procedures for all current financial processes.

**Effect**

Without written procedures, tasks may not be performed in a consistent manner among employees. In addition, written procedures are helpful if someone else has to perform duties he/she normally would not perform.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-002.

**Recommendation**

We recommend that the District develop written policies and procedures for all current financial processes and that approval of these policies and procedures by the Board of Trustees be documented.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**2018-003 Payroll (Significant Deficiency/Compliance)**

**Criteria**

Good internal control over the filing of payroll tax returns requires that they be filed by the date established by the Internal Revenue Service and the Employment Development Department.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-003 Payroll (Significant Deficiency/Compliance) (Continued)**

**Condition**

We noted that the District was not filing the quarterly Federal payroll tax returns (Form 941) and is not paying the required Federal payroll taxes for District employees. In addition, although the District was paying the State payroll taxes, not all State payroll tax returns are available for review.

**Cause**

The District does not have procedures in place to prevent the late filing of payroll tax returns.

**Effect**

The District has not filed the appropriate quarterly payroll tax returns by the established due date, is not withholding the required Federal payroll taxes from employees and is not paying the appropriate Federal payroll taxes.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-003.

**Recommendation**

We recommend that the District establish procedures to ensure that the required payroll tax returns are filed timely and that the taxes are withheld and paid to appropriate Federal or State authority.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**2018-004 Accountability of Endowment Fund (Significant Deficiency)**

**Criteria**

Cemetery districts that have established and collected endowment funds are to track the nonexpendable portion of the fund.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-004 Accountability of Endowment Fund (Significant Deficiency) (Continued)**

**Condition**

At the time of our fieldwork we noted that the fund balance of the Endowment fund had not been separated between the portion that was expendable for operations and the portion that was non expendable.

**Cause**

The District was not tracking the nonexpendable endowment revenues that had been received.

**Effect**

The District is not tracking the expendable portion of endowment funds.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-004.

**Recommendation**

We recommend that the District analyze the collections in prior years for the Endowment fund and separate the fund balance into the nonexpendable and expendable balance source.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**2018-005 Expenditures (Significant Deficiency)**

**Criteria**

Good internal control over accounts payable requires that the District maintain adequate documentation to support payments.

**Condition**

During fieldwork, we noted that the District was missing invoices for 6 of the 25 items selected for the test of expenditure controls.



**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-005 Expenditures (Significant Deficiency) (Continued)**

**Cause**

The District did not provide adequate supporting documentation to verify all payments.

**Effect**

The District was missing invoices in the amount of \$3,618.

**Questioned Cost**

\$3,618.

**Context**

We randomly selected 25 expenditures to test the internal controls of expenditures. Sampling was a statistically valid sample.

**Repeat Finding**

This is a repeat of prior year finding 2017-005.

**Recommendation**

We recommend that the District maintain adequate documentation to support expenditure payments.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**2018-006 Budget (Significant Deficiency)**

**Criteria**

California Government Code requires that appropriate operating budgets be adopted and amended as needed.

**Condition**

We noted the District did not adopt a revenue budget for the General fund.

**Cause**

The District did not adopt a revenue budget for the General fund.

**Effect**

The General fund did not have a legally adopted revenue budget.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-006 Budget (Significant Deficiency) (Continued)**

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-006.

**Recommendation**

We recommend that the General fund have a legally adopted revenue budget.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**2018-007 Fund Balance Policy (Significant Deficiency)**

**Criteria**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. It requires that all governmental funds reclassify the fund balance accounts to new categories to report constraints on the specific purposes for which amounts in the fund can be spent.

**Condition**

We noted that the District did not adopt a fund balance policy to establish the sequence in which revenues are to be spent.

**Cause**

The District did not adopt a fund balance policy.

**Effect**

Without a fund balance policy in place, inconsistencies and misclassifications in the components of fund balance may occur.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2018**

**2018-007 Fund Balance Policy (Significant Deficiency) (Continued)**

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2017-007.

**Recommendation**

We recommend that the District adopt a fund balance policy.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Prior Year Findings and Recommendations**  
**For the Year Ended June 30, 2018**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
<b>2017-001</b>	<p><b>Capital Assets</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District adopt a capitalization policy and that a detail listing of capital assets including depreciation be developed and maintained for all capital assets owned by the District.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2017-002</b>	<p><b>Policies and Procedures</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District develop written policies and procedures for all current financial processes and that approval of these policies and procedures by the Board of Trustees be documented.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2017-003</b>	<p><b>Payroll</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District establish procedures to ensure that the required payroll tax returns are filed timely and that the taxes are withheld and paid to appropriate Federal or State authority.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2017-004</b>	<p><b>Accountability of Endowment Fund</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District analyze the collections in prior years for the Endowment fund and separate the fund balance into the nonexpendable and expendable balance.</p> <p><b>Status</b></p> <p>Not Implemented</p>

**KEYSTONE CEMETERY DISTRICT**  
**Schedule of Prior Year Findings and Recommendations**  
**For the Year Ended June 30, 2018**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
<b>2017-005</b>	<p><b>Expenditures</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District maintain adequate documentation to support expenditure payments.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2017-006</b>	<p><b>Budget</b></p> <p><b>Recommendation</b></p> <p>We recommend that the General fund have a legally adopted revenue budget.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2017-007</b>	<p><b>Fund Balance Policy</b></p> <p><b>Recommendation</b></p> <p>We recommend that the District adopt a fund balance policy.</p> <p><b>Status</b></p> <p>Not Implemented</p>

**KEYSTONE CEMETERY DISTRICT  
Management's Corrective Action Plan  
For the Year Ended June 30, 2018**

**Finding 2018-001 Capital Assets (Material Weakness)**

We recommend that the District adopt a capitalization policy and that a detail listing of capital assets including depreciation be developed and maintained for all capital assets owned by the District.

Management's Response: No response provided.

**Finding 2018-002 Policies and Procedures (Significant Deficiency)**

We recommend that the District develop written policies and procedures for all current financial processes and that approval of these policies and procedures by the Board of Trustees be documented.

Management's Response: No response provided.

**Finding 2018-003 Payroll (Significant Deficiency/Compliance)**

We recommend that the District establish procedures to ensure that the required payroll tax returns are filed timely and that the taxes are withheld and paid to appropriate Federal or State authority.

Management's Response: No response provided.

**Finding 2018-004 Accountability of Endowment Fund (Significant Deficiency)**

We recommend that the District analyze the collections in the prior years for the Endowment fund and separate the fund balance into the nonexpendable and expendable balance.

Management's Response: No response provided.

**Finding 2018-005 Expenditures (Significant Deficiency)**

We recommend that the District maintain adequate documentation to support expenditure payments.

Management's Response: No response provided.

**Finding 2018-006 Budget (Significant Deficiency)**

We recommend that the General fund have a legally adopted revenue budget.

Management's Response: No response provided.

**Finding 2018-007 Fund Balance Policy (Significant Deficiency)**

We recommend that the District adopt a fund balance policy.

Management's Response: No response provided.