

MADERA CEMETERY DISTRICT
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

MADERA CEMETERY DISTRICT
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEAR ENDED JUNE 30, 2013
AND
INDEPENDENT AUDITOR'S REPORT

MADERA CEMETERY DISTRICT
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Madera Cemetery District
Madera, California 93637

I have audited the accompanying financial statements of the governmental activities and each major fund of Madera Cemetery District (District), as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Madera Cemetery District as of June 30, 2013, and the results of its operations and changes in net assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2013 on my consideration of the Madera Cemetery District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



November 20, 2013

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND - BUDGET AND ACTUAL

Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes		\$ 1,553,244	\$ 1,553,244
Sales	Revenue	645,866	645,866
Interest earned	Not	14,556	14,556
Contributions	Budgeted	3,975	3,975
Crop Lease Income		3,883	3,883
Other		5,341	5,341
Endowment Care Transfer		31,800	31,800
Total revenue		2,258,665	2,258,665
EXPENDITURES:			
Current:			
Salaries	\$ 934,599	968,459	(33,860)
Fringe benefits	535,191	454,934	80,257
Service and supplies	453,000	497,730	(44,730)
Postemployment employee benefits		48,094	(48,094)
Depreciation		168,152	(168,152)
Capital assets	51,800		51,800
Total expenditures	1,974,590	2,137,369	(162,779)
Excess of revenue over / (under) expenditures	\$ (1,974,590)	\$ 121,296	\$ 2,095,886

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Madera Cemetery District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Equity

The Madera Cemetery District was formed by resolution of the Madera District Board of Supervisors in 1944 to take over the maintenance and operations of cemeteries within its boundaries. Board vacancies are appointed by the Board of Supervisors, which does not exercise any other influence over the District.

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is a separate entity with its self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. Madera Cemetery District utilizes the following fund types in its activities:

Governmental Fund - The general fund is the general operating fund used to account for all resources and transactions except those required to be accounted for in another fund.

Fiduciary Fund - Fund used to account for assets held by a governmental unit in a trustee capacity.

Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund. Under this method, revenues are recorded when they become both measurable and available to finance current year expenditures. Expenditures are recorded during the year when paid and certain expenditures are accrued at year end. The governmental fund measurement focuses upon the determination of financial sources, used, and balances of available spendable financial resources.

(Continued)

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Budgeting

An operating budget is adopted each fiscal year for the general fund on the same modified accrual basis including encumbrances to reflect estimated revenues and expenditures.

Bad Debts

The District utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided as no material write-offs are expected for receivables at June 30, 2013.

Property, Plant and Equipment

Property, plant and equipment for general governmental purposes are recorded as expenditures at the time of purchase and are accounted for in the general fixed assets account group at cost or estimated historical cost where costs were not available. Donated assets are recorded at their fair market value at the time of receipt. Depreciation expense for the year is \$168,152.

The District capitalizes equipment which costs at least \$500 and has an estimated useful life of at least three years. Structures and improvements of \$1,000 and over are capitalized.

2. CASH AND INVESTMENTS

All cash is deposited in the treasury of the County of Madera, which pools the District's funds with other county funds for deposit with financial institutions and investment in various securities.

At June 30, 2013, the endowment care and pre-need investment portfolio is carried at \$7,542,519. The portfolio consists of money market cash funds, obligations of the U.S. Treasury, U.S. agencies, municipal securities, time certificates of deposits and corporate bonds. The California Health and Safety Code (pertaining to the operations of public cemeteries) authorized such investments.

(Continued)

MADERA CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED)

Following is a recap of the District's cash and investments:

<u>Institution</u>	<u>Bank Balance</u>	<u>Book Value</u>	<u>Institution Variance</u>	<u>Explanation</u>	<u>Operating</u>	<u>Purpose</u> <u>Restoration</u>	<u>Pre-need</u>	<u>Endowment</u>
Bank of America - Checking	\$ 29,351	\$ 9,418	\$ 19,933	Outstanding Checks	\$ 9,418			
United Security Bank - Checking (Little Church on the Hill)	11,295	11,295				\$ 11,296		
County of Madera Treasurer	3,603,435	3,603,435			3,603,435			
County of Madera Treasurer	2,388,171	2,388,171						\$1,373,497
County of Madera Treasurer	2,179,774	2,179,774					\$2,388,171	
Wells Fargo	2,179,774	2,388,171						2,179,774
Wells Fargo	1,601,077	1,601,077					1,601,077	
	<u>\$ 11,992,877</u>	<u>\$ 12,181,341</u>	<u>\$ 19,933</u>		<u>\$3,612,853</u>	<u>\$ 11,296</u>	<u>\$3,989,248</u>	<u>\$3,553,271</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

3. PRE-NEED CONTRACTS

Since 1983, the District has made pre-need (in advance) sale and services on a contractual basis. Payments can be made over a 36 month period. Purchases are not made and services not performed until sufficient cash is received. Plot purchases, endowment care and non-resident fees are recognized after funds are received to complete the sale. Other revenue is recognized only after the District has made the purchases and completed the services as required on a contract basis. Interest revenue on these funds is being deferred in order to offset any increases in cost of services. Revenues are recognized at contract prices for plot purchases, endowment care and non-resident fees and at current prices for labor pertaining to opening and closing services.

4. LIABILITY FOR EARNED COMPENSATED ABSENCES

Following is a schedule of the District's obligation relating to employees rights to receive compensation for future absences which is attributable to services already rendered at June 30, 2012.

Compensation time	\$ 6,810
Vacation	75,649
Sick leave	32,960
	<u>\$ 115,419</u>

5. PENSION PLAN OBLIGATIONS*Plan Description*

The District contributes to the California Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit plan that acts as a common investment and administrative agent for participating public entities within the State of California.

All full-time District employees participate in PERS. Benefits vest after five years of service. District employees who retire at or after the age of fifty-five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent per year of employment, of their one year final compensation of employment. The District, through PERS, also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and action of the District's Board of Trustees.

District employees are required to contribute seven percent of their annual salary to PERS. As part of the Employee's benefit package, the District makes the required contribution on behalf of the employees. The District is also required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis adopted by the PERS Board of Administration.

(Continued)

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

5. PENSION PLAN OBLIGATIONS (CONTINUED)

For each of the fiscal years shown below, the District has contributed at the actuarially determined rate provided by PERS' actuaries.

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Net Percentage Contributed</u>	<u>Pension Obligation</u>
6/30/2011	19.449%	\$ 176,849	100%	-0-
6/30/2012	22.606%	206,005	100%	-0-
6/30/2013	22.204%	193,488	100%	-0-

The Plan is part of the Miscellaneous 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures equal to its contractually required contributions to the Plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the Plan as of June 30, 2011. The unadjusted contribution rate for the indicated period is 15.686% of payroll.

A summary of assumptions and methods used to determine the contractually required contributions is shown below.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	0.03
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed inflation growth of 2.75% and an annual production growth of 0.25%.

(Continued)

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

6. FIXED ASSETSGeneral Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 2013 is as follows:

	Balances at July 1, 2012	Current Year Additions	Deletions and Transfers	Balance at July 30, 2013
Land	\$ 1,287,460			\$1,287,460
Structures and improvements	4,631,699	\$ 8,860		4,640,559
Equipment	1,386,082	31,071		1,417,153
Total	<u>7,305,241</u>	<u>39,931</u>	<u>-</u>	<u>7,345,172</u>
Less accumulated depreciation for:				
Structures and improvements	(1,739,276)	(112,532)		(1,851,808)
Equipment	(1,084,634)	(55,620)		(1,140,254)
Total accumulated depreciation	<u>(2,823,910)</u>	<u>(168,152)</u>	<u>0</u>	<u>(2,992,062)</u>
Total capital assets, net	<u>\$ 4,481,331</u>	<u>\$ (128,221)</u>	<u>0</u>	<u>\$4,353,110</u>

7. CONTINGENCIES**Litigation**

As of June 30, 2013 the District had no pending legal proceedings.

8. OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB)**1. Description**

In June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB 45 requires employer governments to account for and report the annual cost of other postemployment employee benefits in the same manner as they do for pensions. The District recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows.

Under California state law, the District is required to offer a continuation of health insurance coverage to retirees at the same premium that is charged by the insurance carrier with respect to active employees. For the purposes of the actuarial valuation, future retirees were assumed to contribute an amount equal to the actual premiums for health insurance that are charged by the carrier and the actuary assumed that there will be no other post-employment benefits provided. The plan which is a single employer plan, is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report.

(Continued)

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

8. OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) (CONTINUED)**2. Annual OPEB cost and net OPEB obligation**

The District's annual other post employment employee benefit (OPEB) cost (expense) is calculated based on the annual contribution of the employer (ARC). The District has engaged an actuary to calculate the ARC and related information using the alternative measurement period permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

3. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities, consistent with the long-term perspective of calculations.

Valuation Date		7/1/2012
Actuarial Cost Method		Projected Unit Credit
Amortization Method		30 year, open period
Discount Rate		0.04
Ultimate Trend Rate		0.05
Medical Trend	2012	0.08
	2013	0.07
	2014	0.06
	2015 - 2021	0.05
Dental Trend		0.04
Vision (Tied to Dental)		0.04
Other (Tied to Dental)		0.04
Age-Adjustment Factor		0
Cap inflator (frozen)		0
Percent of Retirees with Spouses		0.50

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013

8. OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEBS) (CONTINUED)**4. Funded Status and Funding Progress**

The Madera Cemetery District has an Accrued Liability (AL) of \$903,370. Because the Madera Cemetery District does not have an irrevocable trust for the pre-funding of retiree benefits, the Unfunded Accrued Liability (UAL) is also \$903,370.

The projection of future benefit payments for this plan involves estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table shows the components of the District's annual OPEB cost of the year, the amount actually contributed to the plan, and the District's new OPEB obligation at June 30, 2013:

Annual required contribution	\$ 87,313
Interest on net OPEB obligation	9,697
Adjustment to annual required contribution	(12,616)
Annual OPEB cost	84,394
Contributions made	(36,300)
Increase in net OPEB obligation	48,094
Net OPEB obligation, July 1, 2012	193,939
Net OPEB obligation, June 30, 2013	<u>\$ 242,033</u>

Annual OPEB Costs and Net OPEB Obligation (Asset)

For fiscal year 2012-2013, the District's annual OPEB cost (expenses) of \$84,394 was equal to the ARC plus accrued interest on unfunded prior year's OPEB obligations. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB obligation for the past three years is presented below:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 104,241	\$ 39,600	37.99%	\$ 130,270
June 30, 2012	\$ 103,260	\$ 39,600	38.35%	\$ 193,939
June 30, 2013	\$ 84,394	\$ 36,300	43.02%	\$ 242,033

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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 GOVERNMENTAL AUDITING STANDARDS**

Board of Trustees
Madera Cemetery District
Madera, California 93637

I have audited the financial statements of the Madera Cemetery District, as of, and for the year ended June 30, 2013, and have issued my report thereon dated November 20, 2013. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Madera Cemetery District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses as defined above.

MADERA CEMETERY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS

2

Year Ended June 30, 2013

The following management discussion and analysis of the Madera Cemetery District (District) provides an overview of the financial activities and transactions for the fiscal year 2012/2013. This discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

Financial Summary:

STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>	<u>Totals</u>
Assets:			
Total Assets	\$ 12,460,422	\$ 3,570,667	\$ 16,031,089
Liabilities & Net Assets:			
Total Liabilities	\$ 4,925,102	\$	\$ 4,925,102
Fund Equity:			
Invested in capital assets	\$ 4,353,110		\$ 4,353,110
Restricted:			
Restricted for Future Acquisitions	480,000		480,000
Restricted for Interment Chapel	500,000		500,000
Restricted for Equipment Replacement	180,000		180,000
Restricted for Estate Area	40,000		40,000
Restricted for Unfunded Retiree Health Benefits	242,033		242,033
Restricted for Endowment Care		\$ 3,570,667	3,570,667
Unrestricted	1,740,177		1,740,177
Total Net Assets	\$ 7,535,320	\$ 3,570,667	\$ 11,105,987

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

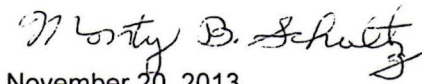
Operating Revenue	\$ 2,258,665	\$ 109,890	\$ 2,368,555
Operating Expenses	2,137,369	31,800	2,169,169
Excess of revenues over/(under) expenditures	121,296	78,090	199,386
Beginning fund balance - July 1, 2012	7,414,024	3,492,577	10,906,601
Ending fund balance - June 30, 2013	\$ 7,535,320	\$ 3,570,667	\$ 11,105,987

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madera Cemetery District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Trustees, management, federal and state awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "M. B. Schultz".

November 20, 2013

MADERA CEMETERY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)
Year Ended June 30, 2013

3

Brief Explanation of our Agency's Function

The Madera Cemetery District is a Special District of the State of California that operates five district cemeteries for the County of Madera. The locations are: Arbor Vitae and Calvary Cemeteries in Madera, Oakhill Cemetery in Oakhurst, North Fork Cemetery in North Fork and Raymond Cemetery in Raymond. With the purchase of property in the Oakhurst area there is an additional 20 acres for the constituents of Eastern Madera County. It is our intent to serve and respect the needs of the present and to anticipate and plan for the challenges of the future by offering:

- A wide range of burial and memorial options in a garden setting of maintained beauty.
- To provide professional memorial services in a caring and compassionate manner.
- To help families plan for their burials and the burials of loved ones with respect and sensitivity.
- It is our intent to maintain, improve, and historically preserve these grounds for the benefit of Madera County families, relatives and for the community.
- This will be accomplished with sound fiscal leadership from our Board of Trustees and management.

Operating Revenue

The majority of the revenue of the Madera Cemetery District is derived from a portion of Madera County property taxes. The property tax revenue had a \$6,462 increase this year due to building increasing and less foreclosures.

Revenues for all sales and service items increased this year by \$21,947. More burials mean more use of services. There were increased sales in liners, non-resident fees, opening and closing and handling charges. There was also a decrease in Mausoleum sales in this year. This is a choice that comes with more expensive burials and was not used as much this year as in previous years.

Interest income is another revenue that suffered. With rates at a continuing low this category showed a decrease of \$7,553. Transfers from the Endowment Care funds is different each year depending on maintenance items that need to be completed. Donations were decreased this fiscal year. The Little Church on the Hill Foundation Board had limited fund raisers. This church is an Historical Point of Interest on the Oakhill Cemetery grounds. The amount of \$3,975, this is primarily from the Little Church annual membership fees and memorial donations. Donations from the public were also not as high as in previous years. This revenue is not a set amount and varies from year to year.

Our investment accounts include the pre-need contract sales. These funds cannot be used until there is the need for the family. It is held in trust until that time and when the contracts are used a quarterly transfer is put into the general fund. Our pre-need funds are solvent.

Our other investment account is the Endowment Care Funds. These funds cannot be used. The principal will be held in trust and the interest from these funds will be used to always keep the cemeteries maintained. Our investing decisions are made by our Board of Trustees with recommendations from our financial advisor, Sandra Wheeler of Wells Fargo. In comparing our portfolio to the Madera County investment portfolio our fund is showing an increase of 0.69% in the Endowment Care account and a 2.67% overall in the Endowment Care account with Wells Fargo. This was a good financial arrangement to move away from the County.

(Continued)

MADERA CEMETERY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)
Year Ended June 30, 2013

4

Operating Revenue (Continued)

So to end this year the Madera Cemetery District's revenue showed an increase of \$27,652.

Operating Expenses

The overall expenditures for maintenance for the year was \$16,427 less than the previous year. Operating expenses are mainly maintenance-related items for the five cemeteries, offices, grounds and equipment that we manage. Managers and staff salaries, benefits, and expenses associated with employment and a safe work environment will also be mentioned.

Costs of goods (liners, vases etc.) decreased. Keeping a responsible amount of inventory on these items assures us that these goods will be available when needed. This was done last year.

Our categories for shop/equipment maintenance was slightly less because the need to improve is ongoing. Our equipment purchases vary from year to year depending on need. Machinery rental is higher due to renting equipment for tree trimming in all cemeteries. Each year it increases.

Accounting charges are up because our audit continues to require new mandated State requirements from the State Controller's office. Depreciation increased by \$7,024 due to older buildings, equipment and vehicles coming off the depreciation schedule.

Salaries decreased due to long term employees leaving and the hiring of new entry level employees. We have a very young crew that are moving out on their steps. Each step represents a 5% increase in wages. We also hired additional staff to be trained before personnel left. Sick Leave payoffs were up due to employees being paid out as they left. Also our sick leave is capped at 480 hrs per year and twenty-five percent of the balance is paid annually to these employees as per our policy. We have continued with temporary help during the summer months as well as throughout this year to offset hiring another employee full-time. During the summer we employ six temporary employees to cover the increased summer mowing and do not have to pay retirement, health benefits and other payroll taxes on these personnel.

Health insurance, dental and life for all employees increased. A trend we are seeing.

CAL PERS retirement fees are based on an employee's salary which showed a decrease. This again was due to long term employees leaving. This is a salary-based expense governed by our state actuarial which has increased due to the failed market three years prior. Any new employees now pay a percentage of their retirement. Salaries increased overall by more than 2%. Costs of employees continue to be the bulk of the budget.

Travel expenses have increased. With a new Trustee coming on board there were many meetings and educational seminars attended. Also two employees elected to Board positions with the California Association of Public Cemeteries and Public Cemetery Alliance represent our District and their presence is required.

(Continued)

MADERA CEMETERY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)
Year Ended June 30, 2013

5

Operating Expenses (Continued)

Trustee expenses were up due to the appropriate amount of meetings this year.

Office supplies category decreased as there were no computer upgrades this year which is the bulk of our expenses.

PG&E continues to rise. This year we had a significant increase due to a longer hotter summer, pump problems and little rain to help with electrical costs.

Safety training is an ongoing expense. We continue to make our safety program of the highest of standards that we can.

Gasoline used for our vehicles and machinery remained the same this year in spite of the rise in fuel prices. We are trying to conserve as we continue to see these fuel categories rise.

The difference in purchases of small tools reflects what is needed for the year. It is management's decision to purchase what is needed. The budget for small tools was more this year.

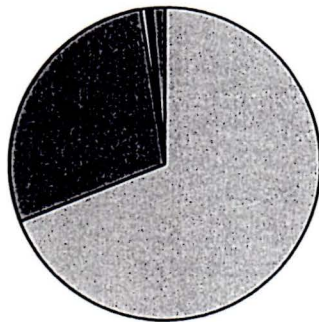
Cement was higher. Full-sized burials are also contributing to the need for more cement for headstone setting. Also more beautification projects were done this year requiring the use of cement.

The District refunds pre-need contracts to customers when requested. All is refunded except the Endowment Care cost and service charge. Refunds were more than last year. The economy is continuing to show the need for families to cash in their pre-needs for extra money. We always have more refunds in tough economic times.

Request for Information

The financial report is designed to provide a general overview of the District's financial position. Questions concerning the information should be addressed to Belva Bare,
Post Office Box 477, Madera, CA 93639-0477, (559) 675-8826.

Fiscal Year 2013 Revenues

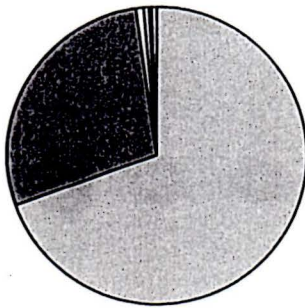


- ☐ Taxes
- ☐ Sales
- ☐ Interest Earned
- ☐ Contributions
- ☐ Crop Lease Income
- ☐ Other
- ☐ Endowment Care Transfers

2013 Revenues - General Fund

Taxes	\$ 1,553,244
Sales	645,866
Interest Earned	14,556
Contributions	3,975
Crop Lease Income	3,883
Other	5,341
Endowment Care Transfers	31,800
\$	<u>2,258,665</u>

Fiscal Year 2012 Revenues



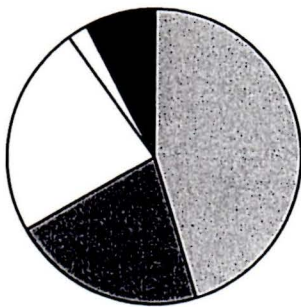
- ☐ Taxes
- ☐ Sales
- ☐ Interest Earned
- ☐ Contributions
- ☐ Crop Lease Income
- ☐ Other

2012 Revenues - General Fund

Taxes	\$ 1,546,784
Sales	631,607
Interest Earned	22,110
Contributions	12,384
Crop Lease Income	3,895
Other	14,234
\$	<u>2,231,014</u>

(Continued)

Fiscal Year 2013 Expenditures

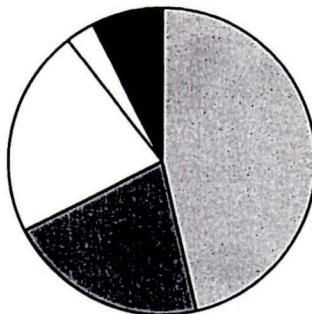


☐ Salaries
☒ Fringe Benefits
☐ Service & Supplies
☐ Other
 Postemployment
 Employee Benefits
☒ Depreciation

2013 Expenditures - General Fund

Salaries	\$ 968,459
Fringe Benefits	454,934
Service & Supplies	497,730
Other Postemployment Employee Benefits	48,094
Depreciation	168,152
	<u>\$ 2,137,369</u>

Fiscal Year 2012 Expenditures



☐ Salaries
☒ Fringe Benefits
☐ Service &
 Supplies
☐ Other
 Postemployment
 Employee Benefits
☒ Depreciation

2012 Expenditures

Salaries	\$ 998,983
Fringe Benefits	456,076
Service & Supplies	473,939
Other Postemployment Employee Benefits	63,669
Depreciation	161,128
	<u>\$ 2,153,795</u>

(Continued)

COMBINED BALANCE SHEET - ALL FUND TYPES

June 30, 2013

	Governmental Activities General Fund	Fiduciary Activities Endowment Care Fund	Totals
<u>ASSETS</u>			
Imprest cash	\$ 762		\$ 762
Cash in district treasury	3,624,149	\$ 1,373,497	4,997,646
Cash in deferred payment account	3,989,248		3,989,248
Contracts receivable	443,303		443,303
Interest Receivable	7,256	17,396	24,652
Property Tax Receivable	40,538		40,538
Other Receivable	2,056		2,056
Investments		2,179,774	2,179,774
Property, Plant and Equipment - Net of Accumulated Depreciation	4,353,110		4,353,110
Total assets	<u>\$12,460,422</u>	<u>\$ 3,570,667</u>	<u>\$ 16,031,089</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 85,638		\$ 85,638
Payroll and sales tax payable	3,129		3,129
Marker fund deposits	43,071		43,071
Unearned contract revenue	4,435,812		4,435,812
Compensated absences	115,419		115,419
Other postemployment employee benefits (OPEB)	242,033		242,033
Total liabilities	<u>\$ 4,925,102</u>	<u></u>	<u>\$ 4,925,102</u>
<u>FUND EQUITY</u>			
Fund balances:			
Invested in Capital Assets	\$ 4,353,110		\$ 4,353,110
Restricted:			
Restricted for Future Acquisitions	480,000		480,000
Restricted for Internment Chapel	500,000		500,000
Restricted for Equipment Replacement	180,000		180,000
Restricted for Estate Area	40,000		40,000
Restricted for Other Postemployment Employee Benefits	242,033		242,033
Restricted for Endowment Care		\$ 3,570,667	3,570,667
Unrestricted	1,740,177		1,740,177
Total net assets	<u>\$ 7,535,320</u>	<u>\$ 3,570,667</u>	<u>\$ 11,105,987</u>

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FUND TYPES

Year Ended June 30, 2013

	Governmental <u>Activities</u> General <u>Fund</u>	Fiduciary <u>Activities</u> Endowment <u>Care Fund</u>	<u>Totals</u>
REVENUES:			
Taxes	\$ 1,553,244		\$ 1,553,244
Sales	645,866		645,866
Interest earned	14,556	\$ 59,065	73,621
Contributions	3,975		3,975
Crop Lease Income	3,883		3,883
Other	5,341		5,341
Endowment Care Transfer	31,800		31,800
Sales & Service Endowment Care Transfer		50,825	50,825
Total revenue	<u>2,258,665</u>	<u>109,890</u>	<u>2,368,555</u>
EXPENDITURES:			
Current:			
Salaries	968,459		968,459
Fringe benefits	454,934		454,934
Service and supplies	497,730		497,730
Postemployment employee benefits	48,094		48,094
Depreciation	168,152		168,152
Transfer to General Fund		31,800	31,800
Total expenditures	<u>2,137,369</u>	<u>31,800</u>	<u>2,169,169</u>
Excess of revenues over/(under) expenditures	121,296	78,090	199,386
Fund balance - July 1, 2012	<u>7,414,024</u>	<u>3,492,577</u>	<u>10,906,601</u>
Fund balance - June 30, 2013	<u>\$ 7,535,320</u>	<u>\$ 3,570,667</u>	<u>\$ 11,105,987</u>

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