

NEVADA CEMETERY DISTRICT
Nevada City, California

AUDIT REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

Stroub Thompson Noble, CPAs
3007 Douglas Blvd., Suite 155
Roseville, CA 95661

NEVADA CEMETERY DISTRICT
Nevada City, California

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Trustees
Nevada Cemetery District
Nevada City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada Cemetery District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which 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.

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nevada Cemetery District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of Nevada Cemetery District for the year ended June 30, 2020, were audited by us, and we expressed an unmodified opinion on those financial statements on January 30, 2021.

Emphasis of Matter

As reported in Note 6, the net pension liability is been measured as of June 30, 2020, and the pension expense is for the measurement period June 30, 2020-2021. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2022, on our consideration of the Nevada Cemetery District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Nevada Cemetery District's internal control over financial reporting and compliance.



Stroub Thompson Noble, CPAs
May 1, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The District discussion and analysis of the Nevada Cemetery District, hereinafter referred to as NCD or District, provides an overview of the district's financial activity for the fiscal year ended June 30, 2021. It should be read in conjunction with the financial analysis which begin on page 7 and financial statement that start on page 13.

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the district as a whole and present a longer-term view of the district's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the district's operations in more detail than the government-wide statements by providing information about the district's most significant funds.

Reporting on the District as a Whole:

The Nevada Cemetery District was formed in 1942 as a special district by the voters in a general election. At that time the boundaries of the district were set as part of the formation of the district. In 1986 and again in 2007 the physical land size of the district was increased to the present time where the district encompasses all of western Nevada County situated below the 5,000-foot elevation. There are 27 cemeteries managed by the District. Two of the cemeteries are recent additions: Deer Creek in 2010 and Elster Memorial in 2012. Both are lawn cemeteries and increase The District available plots by approximately 3,000. In October of 2018, NCD opened a 48-unit columbarium at Penn Valley Cemetery.

Twenty seven cemeteries are classified as historical and date from 1860 through the construction of the new cemeteries. Eleven cemeteries are full and are no longer accepting new interments. Sixteen cemeteries are still in active use and have plot space as indicated on pages 10-11.

It should be noted here that plot spaces are normally calculated as 4' by 10' ground spaces and are intended for full size caskets. These plots when sold can also accommodate an additional two sets of cremains, if desired by the owner(s). When cremains are added there are additional charges for the cremains vault and opening and closing of the plot. Optionally, the family of the deceased may desire to have the District provide additional services such as chairs, canopy, etc.

Nevada Cemetery District has begun "green burials" at the Cherokee Cemetery and are researching additional sites. Green burials eliminate the need for caskets and vault liners to encourage quicker return to a natural state. These methods are more desirable to some segments of the community although there is no significant savings in burial costs because of the initial increase in working with the remains. These sites are selling very well in the environmental conscious population. The plots are somewhat larger due to the needs of mechanical equipment without the use of vaults and are priced accordingly.

The California Health and Safety Code requires that public cemeteries recover their cost of providing burial services after the year 2000 and additionally that they provide multiple cost alternatives to their customers. The Nevada Cemetery District consequently provides for natural cemeteries, lawn cemeteries, cremation plots, scattering gardens, common ossuary, full body plots and columbaria niche arrangements. Since the year 1997 California cemeteries have also been required to collect an "endowment" fee for the continued maintenance of cemeteries after they have been effectively closed.

The endowment fee is set by the District according to the amount of ground space maintenance needed. The minimum fee is set by the California Health and Safety Code Section 8738.

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Unfortunately, prior to Year 1997 there were no endowment fees collected by most public cemeteries and thus the maintenance of historic cemeteries falls partly on the annual general revenues of the District.

Two other statutes directly affect financial operations of a Public Cemetery District. First, funds in the endowment fund must be accounted for separately and only 10% of the interest on the principal funds can be spent in any fiscal year. Second, the District having been formed in 1942 and being below the per mill rate set by the Gann Initiative for annual budget limitations, the District is not required to calculate an annual Gann Rate. Third, NCD cannot make a profit from the District operations although NCD can recover all of the District short and long terms costs through The District rate structure. In 2011 the District conducted a nexus study to determine what The District costs were for the District natural, Deer Creek and Elster Memorial cemeteries. A similar study will be done to set rates for the District "green cemetery" as appropriate. The District rates are then evaluated and adjusted July 1st every two years.

Staffing of the District includes an Operations Manager, 3 Cemetery Maintenance Workers, and contracted Bookkeeping and Secretarial services. Management is provided by a five-member Board of Trustees appointed to staggered four-year terms by the County Board of Supervisors.

The District has a comprehensive Personnel Code, Classification and Salary Schedule and Policy and Procedures Manual for its cemeteries. The District employees are not unionized. Their pension is supplied by the California Public Employees Retirement System and the District does not provide post-retirement benefits such as health care coverage. The District unfunded liability for pension costs of **\$285,411** are estimated as of June 30, 2021. The District has always made the annual required pension contribution to CalPERS. The District expects to have paid off the unfunded pension liability in 8-9 years.

The District analysis of the District as a whole begins above. One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's cemeteries, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, Nevada Cemetery District divides the District into three kinds of activities:

Governmental activities - Most of the District's basic services are reported in this section. Property taxes finance most of the District activities.

Business type activities - The District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Component units - Although legally separate, component units (such as a redevelopment agency) are important because the District is financially accountable for them. The District had no component units in the current year.

Reporting the District's Most Significant Funds:

The District analysis of the District's major funds begins on page 7. The fund financial statements begin on page 17 and provide detailed information about the most significant funds - not the District as a whole. The District board establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes and other money.

* Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. NCD describes the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The District's Statement of Net Position on Government Wide Activities is found beginning on page 14 of this report.

Financial Analysis:

The net assets for the District as a whole decreased to **\$5,749,236** from **\$5,776,553** at June 30, 2021.

From the initial cash on hand at the beginning of each fiscal year, the District budgets unrestricted funds to do the following reserves as of June 30, 2021:

Reserve for automotive replacement	\$55,000
Reserve for annual leave buyout	\$13,651
Enterprise Fund for monument restoration	\$20,000

The District will budget an unrestricted reserve of \$9,000 for re-purchase of unused or returned burial plots, when the owner is buried elsewhere, in fiscal year 2021-2022.

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business Type Activity (Sale of Niches and Vaults):

The District started a business type activity of buying and selling cemetery vaults. During the fiscal year, total sales of vaults were \$15,695, total sales tax collected was \$1,177 and inventory valued as of June 30, 2021 was \$4,170.

Budgetary Highlights:

The District's 2021 budgeted revenue decreased over 2021 actual revenue by \$14,857; expenses and capital spending decreased by \$307 over budgeted expenditures due to reduced capital spending projects.

Approximately 2/3 of District revenue comes from the general property tax on real property and equipment. The income amounts for the past three fiscal years were as follows:

Fiscal Year 2021	\$559,878
Fiscal Year 2020	\$523,427
Fiscal Year 2019	\$489,239

The Remaining 1/3 of revenue comes from business activities:

Fiscal Year 2021	\$162,998
Fiscal Year 2020	\$121,775
Fiscal Year 2019	\$ 89,277

There was a 2.5% increase effective July 1, 2019 in the price lists for most District goods and services.

Operating Expenses:

As would be expected from a service organization, salaries and wages, health insurance and retirement costs are a major component of expenses. The District personnel related expenses were reduced by the retirement of a long time District Manager and promotion of another District employee, which created a lower cost replacement.

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Such costs were:

Fiscal Year 2021	\$378,903	70.62% (% of operating expenses)
Fiscal Year 2020	\$358,512	72.22% (% of operating expenses)
Fiscal Year 2019	\$321,026	63.95% (% of operating expenses)

Management Philosophy: Nevada Cemetery District participates in surveys of cemetery district salaries, benefits, and conducts some of the District's own to get a good cross section of the market. It is the District management strategy to be in the middle of the pack, not too generous and not too stingy. Nevada Cemetery District desired to keep and promote the District employees which keep the District recruitment safety and training costs lower while maintain a good place to work and the District core competency strong. As shown below, the District's non-payroll expenses remain relatively, leveled.

Non-Payroll expenses were:

Fiscal Year 2021	\$157,563
Fiscal Year 2020	\$137,901
Fiscal Year 2019	\$128,169

Detail on Operating Expenses and a comparison between 2021 and 2020 can be found on page 16.

Capital Assets:

The District's capital assets as of June 30, 2021, amounted to **\$5,749,236** net of accumulated depreciation. Capital assets consist of maintenance equipment and a building. Cemetery land and improvements are classified as capital assets and capital improvements. Capital asset expenditures, Land improvements and Inventory remained the same. The Cemetery District valued its land at fair market value of **\$6,048,243**.

Economic Factors and Future Outlook:

The Nevada Cemetery District provides cemetery services in 27 cemeteries in Nevada County. The population of the District is expected to grow as the general county population grows. The operating expenses have increased over the last three years. General economic activity is showing some signs of slowing down with the increase in annual property tax collections having increased slightly. As a consequence, NCD has been as a District placing funds into board discretionary funds for purchase of unused annual leave at retirement, re-purchase of plots when necessary, automotive reserves and an enterprise fund for monument restoration. The next section, Pages 10 and 11,

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

reports The District real property locations represented by cemeteries and their inventory and the District Headquarters.

NCD has two cemeteries that are not at full buildout or are scheduled for expansion.

Elster Memorial is a five-acre cemetery of which, only half has been fully constructed.

Penn Valley is scheduled for expansion by half an acre. NCD owns both properties but are working on final development as needs dictate. NCD has constructed a columbarium at Penn Valley Cemetery which opened in October 2018. NCD also owns an additional half acre at the Penn Valley Cemetery for future development.

Every five years, the Nevada Local Agency Formation Commission (Nevada LAFCO) evaluates the adequacy of the District Municipal Services in view of current population and projected population trends. Working in the District's favor is that Nevada County is one of the oldest counties per capita in California in terms of age. The 2018 total population of Nevada County is just short of 100,000.

As mentioned previously, the Nevada Cemetery District owns and operates 27 cemeteries in western Nevada County. The Truckee Cemetery District covers eastern Nevada County above 5,000 feet in elevation.

While closed to new interments, closed cemeteries may continue to have burials where the deceased is related to someone already interred in that cemetery and plot. The District's closed cemeteries are all natural, full body cemeteries and do not have columbaria or scattering gardens. NCD does allow an additional two cremains. The District closed cemeteries are as follow:

<u>Closed Cemetery</u>	<u>Number of Plots</u>
Nevada County Number 1	658
Nevada County Number 2	125
Old Odd Fellows	150
Moore's Flat	50
Meadow Lake	100
Brooklyn Lodge	30
Relief Hill	134
Omega	8
<u>New Odd Fellows</u>	<u>149</u>
<u>Total</u>	<u>1,404</u>

NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The District's open cemeteries, with the exception of two, are also natural cemeteries and as such do not have scattering gardens or columbaria. The cemeteries accept full body, cremains or a combination up to three interments.

<u>Open Cemetery</u>	<u>Total of Plots</u>	<u>Still Available</u>
Clear Creek	448	109
French Corral	398	233
Graniteville	350	41
Indian Springs	664	255
North Bloomfield	386	96
North San Juan Catholic	292	33
North San Juan Protestant	520	6
Penn Valley	702	54
Penn Valley Columbarium (2017)	48	42
Pleasant Valley	249	179
Red Dog	596	993
Rough and Ready	1,120	755
Sweetland	276	246
Washington	150	18
Cherokee	208	43
Cherokee Green Burial	55	4
<u>Loney-Sanford</u>	<u>569</u>	<u>199</u>
<u>Total</u>	<u>7,031</u>	<u>3,306</u>

NCD has two cemeteries that are "lawn" cemeteries. These facilities have the whole array of services: full body, cremains, scattering garden, ossuary, columbaria niche and dedicated sections e.g. veterans or service groups

**NEVADA CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Cemetery</u>	<u>Total # of Plots</u>	<u>Still Available</u>
Deer Creek (full body/cremains/ Columbaria)	446	420
Elster Memorial (full body/ cremains/ Columbaria)	<u>2,810*</u>	<u>2,676</u>
 <u>Total</u>	 <u>3,256</u>	 <u>3,096</u>

(*) This cemetery is only at 50% buildout.

A Public Cemetery District can sell neither headstones nor the grave markers. In addition, the District cannot provide mortuary services. However, in recognition of the overall liability that may attach to the District for safety of its grounds and the public in general, NCD finds itself having to repair unsafe headstones or markers. NCD has established a Monument Restoration Fund and established a fee of \$10 per new burial in the District natural cemeteries and \$35 per burial in the District lawn cemeteries. As an additional funding resource for established monuments where NCD cannot locate a responsible party, NCD is placing insurance proceeds from damage to the District grounds into the Monument Restoration Fund and well as periodic appropriations by the Board of Trustees. These funds are accounted for in account number 462000.

It is clear from the foregoing that NCD has sufficient property resources to meet the needs of the District citizens for the next half century at the District current rate of interments of 110 per year. How is that possible? It is important to know that there is a private mortuary that owns its own cemeteries as well.

In addition, NCD is always seeking land donations so that NCD does not have to purchase additional land in the near future.

The Board of Trustees of the Nevada Cemetery District believes that the District policies and procedures will make us a viable special district well into the future.

**Nevada County Cemetery District
For year ending June 30, 2021**

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

NEVADA CEMETERY DISTRICT

Nevada City, CA

STATEMENT OF NET POSITION

AS OF JUNE 30, 2021 AND 2020

	<u>Government-Wide Net Position</u>	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash	\$ 1,003,786	\$ 802,998
Inventory	<u>4,170</u>	<u>9,230</u>
Total Current Assets	\$ <u>1,007,956</u>	\$ <u>812,228</u>
Capital Assets		
Land and Improvements	\$ 6,147,557	\$ 6,147,557
Accumulated Depreciation	<u>(398,321)</u>	<u>(371,004)</u>
Total Capital Assets	<u>5,749,236</u>	<u>5,776,553</u>
Total Assets	\$ <u><u>6,757,192</u></u>	\$ <u><u>6,588,781</u></u>
LIABILITIES:		
Accounts Payable	\$ <u>9,084</u>	\$ <u>14,118</u>
Total Current Liabilities	<u>9,084</u>	<u>14,118</u>
Accrued Expenses	13,151	10,904
Deferred Revenue	220,887	220,887
Aggregate Net Pension Liability	<u>285,411</u>	<u>268,691</u>
Total Noncurrent Liabilities	<u>519,449</u>	<u>500,482</u>
Total Liabilities	\$ <u>528,533</u>	\$ <u>514,600</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension Deferred Investment Earnings	42,358	26,925
NET POSITION:		
Net Investment in Capital Assets	\$ 5,412,486	\$ 5,479,263
Endowment Care	144,141	127,640
Unrestricted	<u>629,674</u>	<u>440,353</u>
Total Net Position	\$ <u>6,186,301</u>	\$ <u>6,047,256</u>
Total Liabilities and Net Position	\$ <u><u>6,757,192</u></u>	\$ <u><u>6,588,781</u></u>

See independent accountant's audit report.

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

NEVADA CEMETERY DISTRICT
Nevada City, California

STATEMENT OF ACTIVITIES

AS OF JUNE 30, 2021 AND 2020

	Government-Wide Activities	
	2021	2020
Expenses:		
Personnel Services	\$ 355,776	\$ 311,256
Materials and Supplies	160,497	146,335
Pension Expense	54,593	48,946
Depreciation	27,317	27,317
Total Program Expenses	\$ 598,183	\$ 533,854
Program Revenues:		
Charges for Services	\$ 135,522	\$ 100,101
Net Program Expenses	\$ 462,661	\$ 433,753
General Revenues:		
Property Taxes	\$ 559,878	\$ 523,427
Other Income	-	-
Investment Earnings	10,975	10,474
Total General Revenues	\$ 570,853	\$ 533,901
Endowment Care	\$ 16,501	\$ 11,200
Change in Net Position	\$ 124,693	\$ 111,348
Net Position - Beginning of Year (Restated, See Note 7)	6,061,608	5,935,908
Net Position - End of Year	\$ 6,186,301	\$ 6,047,256

See independent accountant's audit report.
The accompanying notes to financial statements are integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

NEVADA CEMETERY DISTRICT

Nevada City, California

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF JUNE 30, 2021 AND 2020

	2021			2020		
ASSETS	General Fund	Endowment Fund	Governmental Funds Total	General Fund	Endowment Fund	Governmental Funds Total
CURRENT:						
Cash	\$ 859,645	\$ 144,141	\$ 1,003,786	\$ 675,358	\$ 127,640	\$ 802,998
Inventory	<u>4,170</u>	<u>-</u>	<u>4,170</u>	<u>9,230</u>	<u>-</u>	<u>9,230</u>
Total Assets	<u>863,815</u>	<u>144,141</u>	<u>1,007,956</u>	<u>684,588</u>	<u>127,640</u>	<u>812,228</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 9,084	\$ -	\$ 9,084	\$ 14,118	\$ -	\$ 14,118
Accrued Liabilities	-	-	-	-	-	-
Deferred Revenue	<u>220,887</u>	<u>-</u>	<u>220,887</u>	<u>220,887</u>	<u>-</u>	<u>220,887</u>
TOTAL LIABILITIES	<u>229,971</u>	<u>-</u>	<u>229,971</u>	<u>235,005</u>	<u>-</u>	<u>235,005</u>
FUND BALANCES:						
Assigned to:						
Other Purposes	-	144,141	144,141	-	127,640	127,640
Nonspendable-Inventories	4,170	-	4,170	9,230	-	9,230
OPEB Liability Funding	-	-	-	-	-	-
Future Years Expenditures	-	-	-	-	-	-
Designated Funds	-	-	-	-	-	-
Unassigned	<u>629,674</u>	<u>-</u>	<u>629,674</u>	<u>440,353</u>	<u>-</u>	<u>440,353</u>
Total Fund Balance	\$ <u>633,844</u>	\$ <u>144,141</u>	\$ <u>777,985</u>	\$ <u>449,583</u>	\$ <u>127,640</u>	\$ <u>577,223</u>
Total Liabilities and Fund Balance	\$ <u>863,815</u>	\$ <u>144,141</u>	\$ <u>1,007,956</u>	\$ <u>684,588</u>	\$ <u>127,640</u>	\$ <u>812,228</u>

See independent accountant's audit report. The accompanying notes to financial statements are integral part of these financial statements.

NEVADA CEMETERY DISTRICT
Nevada City, California

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021 AND 2020

	2021			2020		
<u>Reconciliation:</u>	General Fund	Endowment Fund	Governmental Funds Total	General Fund	Endowment Fund	Governmental Funds Total
Total Fund Balance - Governmental Funds	\$ 633,844	\$ 144,141	\$ 777,985	\$ 449,583	\$ 127,640	\$ 577,223
Net Position for Government-Wide reported on the Statement of Net Position differ from the total net fund balance on governmental funds above because:						
Capital assets used in government-wide activities are not government fund financial resources and therefore are not reported in the governmental funds (net of accumulated depreciation of \$398,321 and \$371,004, respectively).			5,749,236			5,776,553
Accrued obligations for sick and vacation does not require current fund financial resources and therefore are not reported in the governmental funds.			(13,151)			(10,904)
Net aggregate pension obligation does not require current fund financial resources and therefore are not reported in the governmental funds.			(327,769)			(295,616)
Total Net Position of Governmental Activities			\$ 6,186,301			\$ 6,047,256

See independent accountant's audit report.
The accompanying notes to financial statements are integral part of these financial statements.

NEVADA CEMETERY DISTRICT
Nevada City, California

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>6/30/2021 Governmental Fund Total</u>	<u>General Fund</u>	<u>Endowment Fund</u>	<u>6/30/2020 Governmental Funds Total</u>	
REVENUES							
Property Taxes	\$ 559,878	\$ -	\$ 559,878	\$ 523,427	\$ -	\$ 523,427	
Charges for Current Services	118,877	-	118,877	89,203	-	89,203	
Investment Earnings	10,975	16,501	27,476	10,474	11,200	21,674	
Sale of Niches and Vaults	15,695	-	15,695	10,548	-	10,548	
Other Income	950	-	950	350	-	350	
Transfer to Endowment Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
 Total Revenues	 \$ <u>706,375</u>	 \$ <u>16,501</u>	 \$ <u>722,876</u>	 \$ <u>634,002</u>	 \$ <u>11,200</u>	 \$ <u>645,202</u>	
 EXPENDITURES							
Cemetery Services							
Salaries & Employee Benefits	\$ 378,903	\$ -	\$ 378,903	\$ 358,512	\$ -	\$ 358,512	
Services & Supplies	157,563	-	157,563	137,901	-	137,901	
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
 Total Expenditures	 \$ <u>536,466</u>	 \$ <u>-</u>	 \$ <u>536,466</u>	 \$ <u>496,413</u>	 \$ <u>-</u>	 \$ <u>496,413</u>	
 Excess of Revenues Over Expenditures	 \$ <u>169,909</u>	 \$ <u>16,501</u>	 \$ <u>186,410</u>	 \$ <u>137,589</u>	 \$ <u>11,200</u>	 \$ <u>148,789</u>	
 Net Fund Balance - Beginning of Year	 \$ <u>449,583</u>	 \$ <u>127,640</u>	 \$ <u>577,223</u>	 \$ <u>311,994</u>	 \$ <u>116,440</u>	 \$ <u>428,434</u>	
 Prior Period Adjustment (See Note 7)	 14,352	 -	 14,352	 -	 -	 -	
 Net Fund Balance - Beginning of Year (Restated)	 \$ <u>463,935</u>	 \$ <u>127,640</u>	 \$ <u>591,575</u>	 \$ <u>311,994</u>	 \$ <u>116,440</u>	 \$ <u>428,434</u>	
 Net Fund Balance - End of Year	 \$ <u><u>633,844</u></u>	 \$ <u><u>144,141</u></u>	 \$ <u><u>777,985</u></u>	 \$ <u><u>449,583</u></u>	 \$ <u><u>127,640</u></u>	 \$ <u><u>577,223</u></u>	

See independent accountant's audit report.
The accompanying notes to financial statements are integral part of these financial statements.

NEVADA CEMETERY DISTRICT

Nevada City, California

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN NET FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

			2021		2020	
	General	Endowment	Governmental	General	Endowment	Governmental
<u>Reconciliation:</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds Total</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds Total</u>
Net Change in Fund Balance - Governmental Funds	\$ 169,909	\$ 16,501	\$ 186,410	\$ 137,589	\$ 11,200	\$ 148,789
Changes in Net Position for government-wide activities on the statements of activities differ from the excess of governmental revenues and expenditures above because:						
Depreciation expense is not considered a use of financial resources			(27,317)			(27,317)
Change in other accrued liability does not use current Governmental Fund financial resources			(2,247)			460
Change in future pension liability does not use current Governmental Fund financial resources			(32,153)			(9,664)
Capital outlay is not considered an expenditure of governmental funds activities			-			-
Change in Net Position of Governmental Activities			\$ <u>124,693</u>			\$ <u>111,348</u>

See independent accountant's audit report. The accompanying notes to financial statements are integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Nevada Cemetery District was formed under Section 13801 of the California Health and Safety Code. The district operates under a Board of Directors and its basic operations are supported by property taxes paid to Nevada County, sales of interment services, and interment rights.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. The District has no component units.

B. Basis of Presentation

The financial statements of Nevada Cemetery District have been prepared in conformity with generally accepted accounting principles (GAAP). The government accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Governmental-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if any. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories; government, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The two funds of the Nevada Cemetery District are governmental funds as described below:

General Fund - The General Fund is the main operating fund of the District. It is used for all activities except those that are required to be accounted for in another fund. The entire District's activities are reported in the general operating fund except those legally or administratively required to be accounted for in other funds. It is a major fund.

Permanent/Endowment Funds - Permanent Funds report trust arrangements in which the reporting government is the beneficiary of the earnings on the principal. The Endowment fund is a permanent fund and is used for reporting endowment fees collected by the District on grave sales, which are permanently restricted. The interest earned on endowment funds is unrestricted. It is a major fund.

C. Measurement Focus and Basis for Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statement regardless of the measurement focus applied.

Measurement Focus

Government-Wide Financial Statements:

The Government-Wide Statement of Net Position and the Statement of Activities are reported using the economic resources measurement focus. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

The Governmental Funds Statements:

On the Government-Wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources focus as defined in item 2 below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. The "current financial resources" measurement focus is used when accounting for all governmental funds. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

In the Government-Wide Statement of Net Assets and Statement of Activities, governmental accounting activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of year-end. Expenditures are recorded when the related fund liability is incurred.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgetary Data

The District adopts an annual budget on or before August 1. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations. The procedures followed require a proposed budget to be presented to the Board of Trustees at the July meeting after reviewing with Nevada County on their most current estimates of tax revenues. The budget may be amended during the year should an economic need occur.

E. Property Taxes

Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on July 1st and are payable in two installments on December 10th and April 10th. All general property taxes are allocated by the County Auditor-Controller's office to the various taxing entities in installments during the year. The District recognizes property tax revenues when they actually become available and received from the Nevada County Auditor-Controller's office. The District therefore makes no accrual for property tax receivable as of June 30, 2021.

The District has elected to participate in the Teeter Plan for property tax distributions to local agency jurisdictions. Under the Teeter Plan, the counties allocate property tax revenues based on the total amount of property tax billed, but not yet collected. The County absorbs the timing risk of collecting delinquent taxes and retains all penalties and interest. As a result, Nevada Cemetery District receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected by the County.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

Cash includes demand accounts maintained with a banking institution and amounts maintained with the District's fiscal agent, Nevada County. Nevada County does not allow the District to make independent investments of excess funds.

G. Inventory

Inventory consists of uninstalled vaults, vases and liners. Inventory is stated at cost using the first-in, first-out method of accounting. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

H. 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 reporting period. Actual results could differ from those estimates.

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Structures and Improvements	25.0	years
Equipment	5.0	years
Vehicles	7.5	years

J. Net Position

The District classifies its net position into three components as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation; reduced by the outstanding debt balances, net of unamortized debt expenses. Deferred inflows and outflows of resources are attributable to the acquisition, construction or improvements of those assets or related debt are also included.

Restricted - This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures (excluding amounts considered in net capital, above), grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation or by the Board.

These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted - This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "net investment in capital assets" or "Restricted".

K. Restricted and Designated Assets

Cash, cash equivalents, and investments, which are legally limited under terms of certain agreements with third parties, are considered restricted. Funds as a result of Board actions to limit the use of such funds to specific purposes are considered designated but not restricted. When the District designates funds for a specific purpose, and both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27* – The provisions of this statement are effective for financial statements for fiscal years beginning after June 30, 2017.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27*. The provisions of this statement are effective for financial statements for fiscal years beginning after June 30, 2014.

GASB Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68.

GASB Statement No. 76 – *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

M. Commitments and Contingencies

In the opinion of management, there is no litigation pending expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

See Independent Accountant's Audit Report

**NEVADA CEMETERY DISTRICT
Nevada City, California**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Subsequent Events

The District has reviewed and evaluated the results of operations for the period of time from its fiscal year end June 30, 2021 through May 1, 2022 the date that the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require additional disclosure.

NOTE 2 CASH AND INVESTMENTS

Cash and investments were comprised of the following at June 30, 2021:

Cash at County Treasury	\$ <u>1,003,786</u>
Total cash and equivalents	\$ <u><u>1,003,786</u></u>

Investments

The District's investment policy, in conformity with applicable California General Statutes, authorizes investments in Nevada County pooled funds. The value of the position in the pools is the same as the pool shares. These investments are not categorized since these funds and pools contain a diversified portfolio of securities within each category as defined in the following paragraph:

Category 1 includes investments that are insured or registered or for which collateral is held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or its trust department in the District's name. Category 3 includes unsecured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

NOTE 3 COMPENSATED ABSENCES POLICY

An employee may accumulate vacation and sick pay with a limitation as to number of hours of accumulation.

<u>Years of Service</u>	<u>Rate of Accrual</u>	<u>Maximum Accrual</u>
0-2 years	5 days	10 days
2-3 years	10 days	20 days
3 and over	15 days	30 days

Upon termination of employment, for any reason, employees are paid 100% of their accumulated vacation pay.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 COMPENSATED ABSENCES POLICY (Continued)

Employees leaving the Cemetery service while in good standing and for reasons other than CalPERS retirement, will be paid one-half of the equivalent dollar amount of their accumulated sick leave in excess of 192 hours, but not more than \$2,000. Employees retiring with CalPERS benefits are entitled to 100% of their unused sick leave. CalPERS retirees can choose either early retirement on a day-for-day basis or they can apply equivalent dollar amounts toward monthly premiums for group health insurance continuance.

At June 30, 2021, the accumulated vacation and sick pay was as follows:

Vacation Pay	\$ <u>13,151</u>
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NOTE 4 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.

There is no claims liability to be reported based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

General Liability Coverage: The District carries a commercial general liability and wrongful acts insurance policy with coverage of \$25,000,000 per occurrence and an aggregate per coverage of \$25,000,000. The Districts' automobile liability and physical damage policy limits are \$25,000,000 with uninsured and motorist coverage of \$25,000,000.

Worker's Compensation Coverage: The District carries a workers' compensation insurance policy in the amount of \$5,000,000 per incident per employee.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance at</u> <u>June 30, 2020</u>	<u>Additions/</u> <u>(Depreciation)</u>	<u>Disposition/</u> <u>Decreases</u>	<u>Balance at</u> <u>June 30, 2021</u>
Governmental Activities:				
Not being depreciated:				
Land	\$ 5,659,982	\$ -	\$ -	\$ 5,659,982
Subtotal	<u>5,659,982</u>	<u>-</u>	<u>-</u>	<u>5,659,982</u>
Other capital assets:				
Structures & Improvements	285,320	-	-	285,320
Equipment	202,255	-	-	202,255
Subtotal	<u>6,147,557</u>	<u>-</u>	<u>-</u>	<u>6,147,557</u>
Accumulated Depreciation:				
Structures	(251,355)	(11,412)	-	(262,767)
Equipment	(119,649)	(15,905)	-	(135,554)
Subtotal	<u>(371,004)</u>	<u>(27,317)</u>	<u>-</u>	<u>(398,321)</u>
Total Capital Assets (net)	<u>\$ 5,776,553</u>	<u>\$ (27,317)</u>	<u>\$ -</u>	<u>\$ 5,749,236</u>

Depreciation expense for the fiscal year ended June 30, 2021 was \$27,317.

NOTE 6 DEFINED BENEFIT PENSION PLAN

A. Plan Description

The District's defined benefit pension plan, the California Public Employees' Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report can be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

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NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

B. Funding Policy

For those employees hired on or after April 20, 2012 the District has implemented a 2% @ 55 tier 2 plan, which reduces the amount of employee contribution paid by the District to 7%. The district is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For new employees hired after January 1, 2013 the District benefit formula changed to a 2% @ 62 tier III where the employee contributes the full employee contribution of 6.25% of all earnings in excess of \$133.33 per month. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2017 was 15.314% for tier I, 12.783% for tier II. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Recourses and Deferred Inflows of Recourses Related to Pension

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Recourses, Deferred Inflows of Recourses, and Net Position", the District recognizes deferred outflows and inflows of recourses.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of recourses. A deferred outflow of recourses is defined as a consumption of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category which are the deferred outflows of recourses and deferred inflows of recourses. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of recourses. A deferred inflow of recourses is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category.

At June 30, 2020 a net pension liability of \$285,411 was reported. The net pension and asset liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

For the fiscal year ended June 30, 2021 the recognized pension expense was \$54,593.

See Independent Accountant's Audit Report

**NEVADA CEMETERY DISTRICT
Nevada City, California**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Recourses and Deferred Inflows of Recourses Related to Pension (continued)

Actuarial Assumptions: The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	7.15%
Inflation	2.00%
Salary increases	Varies by Entry Age and Service
Increase	Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions were based on CalPERS' specific data that includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this data, please refer to the December 2017 experience study report (based on CalPERS website.)

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications. The accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2018 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2018 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2018 liabilities, which were rolled forward to June 30, 2019 and used for this accounting valuation, are based on actuarial assumptions adopted by the CalPERS Board of Administration and consistent with the requirements of GASB 68. The assumptions and methods are internally consistent and reasonable for PERF C.

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using

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NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Recourses and Deferred Inflows of Recourses Related to Pension (continued)

a building-block approach. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of geometric real rates of return for major asset class are summarized in the following table:

	Assumed Asset Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Totals	100.00%		21.65%
Expected Inflation		2.00%	2.92%

The 7.15% assumed investment rate of return is comprised of an inflation of 2.00%, a real return of 4.80% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following represents the proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

See Independent Accountant's Audit Report

**NEVADA CEMETERY DISTRICT
Nevada City, California**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Recourses and
Deferred Inflows of Recourses Related to Pension (continued)**

	Discount Rate-1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Asset) \$	507,394	\$ 285,411	\$ 189,958

NOTE 7 NET POSITION BALANCE RESTATED

Current year beginning balance of the net position was restated in the amount of \$14,352 to account for prior year collections from various Sales and Services and changes in deferred revenue.

See Independent Accountant's Audit Report

NEVADA CEMETERY DISTRICT
Nevada City, California
REQUIRED SUPPLEMENTARY INFORMATION

NEVADA CEMETERY DISTRICT

Nevada City, California

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes	\$ 478,767	\$ 559,878	\$ 559,878	\$ -
Charges for Current Services	78,100	138,835	118,877	19,958
Interest	10,893	10,975	27,476	(16,501)
Sale of Niches and Vaults	-	-	15,695	(15,695)
Other Income	-	(1,669.00)	950	(2,619)
Fund Transfers	-	-	-	-
Total Revenue	\$ 567,760	\$ 708,019	\$ 722,876	\$ (14,857)
Expenditures:				
Salaries & Employee Benefits	\$ 357,500	375,090	\$ 378,903	\$ (3,813)
Service & Supplies	171,759	150,499	157,563	(7,064)
Capital Outlay	606,261	10,570.00	-	10,570
Contingencies	-	-	-	-
Total Expenditures	\$ 1,135,520	\$ 536,159	\$ 536,466	\$ (307)
Budgetary Change in Net Position, June 30, 2021	\$ <u>(567,760)</u>	\$ <u>171,860</u>	\$ <u>186,410</u>	\$ <u>(14,550)</u>

See Independent Accountant's Auditor Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE A: GENERAL BUDGET POLICIES

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) and consistent with the basis used for financial reporting. The budget and GAAP information for the general fund reported on the Statement of Revenues, Expenditures and Changes in Net Fund Balances - Governmental Funds, reports the differences with contingencies. For GAAP purposes, contingencies are represented in the respective category.

NEVADA CEMETERY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(Audited)

AS OF JUNE 30, 2020

	Miscellaneous Plan
Proportion of the net pension liability (asset)	0.00713%
Proportionate share of the net pension liability (asset)	\$ 285,411
Covered employee payroll	\$ 125,299
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	227.78%
Plan fiduciary net position as a percentage of the total pension liability	80.12%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

See Independent Accountant's Auditor Report

SCHEDULED OF REQUIRED SUPPLEMENTAL INFORMATION
NEVADA CEMETERY DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY											
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ 49,689	\$ 22,245	\$ 20,955	\$ 30,252	\$ 70,328	\$ 28,745	\$ 29,851
Interest	-	-	-	-	151,057	81,380	99,473	160,133	219,001	91,546	96,634
Changes of Benefits Terms	-	-	-	-	-	-	43	78	56	42	29
Differences Between Expected and Actual	-	-	-	-	-	102	(186)	(68,402)	26,112	23,067	14,828
Changes of Assumptions	-	-	-	-	-	9,314	-	78,245	(20,685)	-	-
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-	(94,393)	(45,347)	(44,696)	(60,114)	(146,253)	(62,220)	(66,872)
Net Change in Total Pension Liability Adjustment to Beginning Amount	-	-	75,198	52,180	106,352	67,693	75,589 (107,067)	140,192	148,558	81,180	87,443
TOTAL PENSION LIABILITY - BEGINNING	-	-	<u>711,417</u>	<u>786,615</u>	<u>838,795</u>	<u>945,147</u>	<u>905,773</u>	<u>981,362</u>	<u>1,121,554</u>	<u>1,270,112</u>	<u>1,351,292</u>
TOTAL PENSION LIABILITY - ENDING(a)	<u>\$ -</u>	<u>\$ 711,417</u>	<u>\$ 786,615</u>	<u>\$ 838,795</u>	<u>\$ 945,147</u>	<u>\$ 1,012,840</u>	<u>\$ 981,362</u>	<u>\$ 1,121,554</u>	<u>\$ 1,270,112</u>	<u>\$ 1,351,292</u>	<u>\$ 1,438,735</u>

(Continued)

See Independent Accountant's Auditor Report

SCHEDULED OF REQUIRED SUPPLEMENTAL INFORMATION
NEVADA CEMETERY DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Continued)
LAST 10 FISCAL YEARS

PLAN FIDUCIARY NET POSITION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contributions -Employer	\$ -	\$ -	\$ -	\$ -	\$ 24,531	\$ 18,036	\$ 23,218	\$ 26,110	\$ 29,887	\$ 35,501	\$ 48,946
Contributions -Employee	-	-	-	-	10,964	16,053	9,176	26,154	16,670	16,605	15,373
Net Investment Income	-	-	-	-	141,701	18,057	4,185	56,158	111,065	97,645	75,164
Benefit Payment, Including Refund of Employee Contributions	-	-	-	-	(94,393)	(45,347)	(44,696)	(60,114)	(146,253)	(62,220)	(66,872)
Net Plan to Plan Resource Movement	-	-	-	-	47,760	8,381	1,971	37,166	116,550	-	-
Administrative Cost	-	-	-	-	(1,186)	921	(503)	(10,237)	(20,944)	(976)	(1,888)
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>36,724</u>	<u>80,307</u>	<u>129,377</u>	<u>16,102</u>	<u>(6,647)</u>	<u>75,237</u>	<u>106,975</u>	<u>86,555</u>	<u>70,723</u>
Plan Fiduciary Net Position -Beginning	-	-	558,072	594,796	675,103	804,480	820,582	813,934	889,171	996,146	1,082,601
Plan Fiduciary Net Position - Ending (b)	-	558,072	594,796	675,103	804,480	820,582	813,934	889,171	996,146	1,082,601	1,153,324
PLAN NET PENSION LIABILITY /(ASSET) - (a)-(b)	<u>\$ -</u>	<u>\$ 153,345</u>	<u>\$ 191,819</u>	<u>\$ 163,692</u>	<u>\$ 140,667</u>	<u>\$ 192,258</u>	<u>\$ 167,428</u>	<u>\$ 232,383</u>	<u>\$ 273,966</u>	<u>\$ 268,691</u>	<u>\$ 285,411</u>
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	-	78.45%	75.61%	80.48%	85.12%	81.02%	82.94%	79.28%	78.43%	80.12%	80.16%
Covered Payroll	-	129,925	155,199	158,710	170,297	119,862	134,804	150,549	112,922	120,515	125,299
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	-	118.03%	123.60%	103.14%	82.60%	160.40%	124.20%	154.36%	242.62%	222.95%	227.78%

See Independent Accountant's Auditor Report

SCHEDULED OF REQUIRED SUPPLEMENTAL INFORMATION
NEVADA CEMETERY DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contributions	\$ -	\$ -	\$ -	\$ -	\$ 28,073	\$ 19,759	\$ 22,222	\$ 23,864	\$ 26,711	\$ 31,478	\$ 36,117
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	(24,531)	(18,036)	(23,218)	(26,110)	(29,887)	(35,501)	(48,946)
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,542</u>	<u>\$ 1,723</u>	<u>\$ (996)</u>	<u>\$ (2,246)</u>	<u>\$ (3,176)</u>	<u>\$ (4,023)</u>	<u>\$ (12,829)</u>
Covered Payroll	\$ -	\$ 129,925	\$ 155,199	\$ 158,710	\$ 170,297	\$ 119,862	\$ 134,804	\$ 150,549	\$ 112,922	\$ 120,515	\$ 125,299
Contributions as a Percentage of Covered Payroll					14.40%	15.05%	17.22%	17.34%	26.47%	22.23%	39.06%

See Independent Accountant's Auditor Report

NEVADA CEMETERY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(Audited)

AS OF JUNE 30, 2021

	Miscellaneous Plan
Contractually required contribution	\$ 29,659
Contributions in relation to the contractually required contribution	<u>(54,593)</u>
Contribution deficiency (excess)	<u>\$ (24,934)</u>
Covered employee payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A

*Amounts presented were determined as of calendar year January 1 – December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year. Prior year numbers are available from the District prior year note disclosure information.

See Independent Accountant's Auditor Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1: Note to Schedules –Actuarial

Actuarially Determined Contributions rates are calculated as of June 30, the end of fiscal year in which contributions are reported

Methods and Assumptions used to Determine contributions rates:

Actuarial Cost Method	Entry Age Normal in Accordance with the Requirement of GASB NO.68
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value /Actuarial Value of Assets.
Actuarial Assumptions	
Discount Rate	7.15% (Net of Administrative Expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.50%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.50% and an annual production growth of 0.25%.
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale AA published

See Independent Accountant's Auditor Report

NEVADA CEMETERY DISTRICT
Nevada City, California

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 Change in Benefit Terms

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2019 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities.

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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 Board of Directors
Nevada Cemetery District
Nevada City, CA

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada Cemetery District as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Nevada Cemetery District's basic financial statements, and have issued our report thereon dated May 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nevada Cemetery District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of Nevada Cemetery District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiency as item list numbers 2021-FS 01 and 2021-FS 02 of the related finding.

Compliance and Other Matters

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

Nevada Cemetery District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Stroub Thompson Noble CPAs

Roseville, CA

May 1, 2022