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**EL RANCHO SIMI CEMETERY DISTRICT  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2020**

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# **EL RANCHO SIMI CEMETERY DISTRICT**

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## **INTRODUCTION**

## **EL RANCHO SIMI CEMETERY DISTRICT**

### **INTRODUCTION (UNAUDITED)**

**JUNE 30, 2020**

#### **History of the EL Rancho Simi Cemetery District**

The Simi Cemetery is the first recorded Cemetery in the Simi Valley, having been established in 1890 by Clementine Parantau on land she purchased from the California Mutual Benefit Colony of Chicago (Simi Cemetery Map, 1890). Clementine Parantau was one of the first members of the California Mutual Benefit Colony of Chicago to arrive in the Simi Valley in 1888-89. During the Southern California boom years of 1887-1888, the Simi Land and Water Company advertised land for sale in the Chicago newspapers. A group of eight Chicago doctors formed a corporation to purchase land and established what they called a Mutual Benefit Colony (Cameron, 1963). Their promotional literature referred to the area as Simiopolis, "the garden of Southern California," and stressed the potential for profits to be made from agriculture and the variety of crops that could be grown in the Valley. In addition, the literature eloquently described the climatic advantages of the Simi Valley and predicted that within a few short years, it would be "the most sought after and desirable spot for invalids" to be found in the State of California (California Mutual Benefit Colony of California, 1888).

It may have been the inducement of a healthful climate that attracted Clementine Parantau and her Chicago family to join the approximately ten other families who came to the Valley during the late 1880s. A member of the Parantau family, Richard A. Parantau, died of consumption in March of 1893. Clementine Parantau died at the age of seventy-nine and was buried in the Cemetery in September of 1898 (Ventura Free Press, 3/31/93; 9/98). Parantau's daughter, also named Clementine, took charge of the Simi Cemetery and sold lots as needed to the pioneer families.

Due to the remoteness of Simi at the time, the Company had pre-fabricated houses sent by rail to Saticoy and then by wagon to Simi. To encourage colonists, the first twelve houses ordered by October 1, 1888, were shipped without charge. In January 1889, a subdivision map was recorded and 36 ranch size lots were laid out on each side of the Arroyo Simi along an 8 ½ mile by 2 ½ mile stretch of land. A townsite adjacent to the subdivision was also planned by the Company (Cameron, 1958). The townsite was never officially recorded by the Company, although colonists actually resided on the land. The townsite was not officially recorded until 1892 by the Simi Land and Water Company.

Colonists purchased shares in the Company and drew for their parcels. Many had more than one lot that was not contiguous, and several land owners never even came to Simi. Like so many real estate schemes promoted during this period, it quickly went bust. The lack of physical improvements, railroad access or good roads combined with several wet winters induced several of the colonists to return to the Mid-west.

By 1891, the Simi Land and Water Company began foreclosure on the land because of a lack of payments. On August 6, 1891, the California Mutual Benefit Colony of Chicago agreed to quitclaim their interest in the lands to the Simi Land and Water Company. The colonists who remained were given credit for their investment and were allowed to keep their houses (Cameron, 1963). Mrs. Parantau officially recorded her previously owned land and paid the Simi Land and Water Company \$468 for Lot 29 on July 3, 1893 (Grant Deeds, 1893). The Simi Cemetery was not officially surveyed and recorded with the County of Ventura until 1896.

In 1892 the Simi Land and Water Company officially recorded the townsite of Simi adjacent to the Colony subdivision. A few of the colonist's houses were located in the town site and a few remained on the adjacent ranch sites. A church building, school and post office were built in the new town of Simi.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**INTRODUCTION (UNAUDITED)**  
**JUNE 30, 2020**

**History of the EL Rancho Simi Cemetery District Cont'd**

The Parantau family also owned lots in the town site. Mrs. Clementine Parantau had two daughters, Clementine and Lillian, and a son Richard. Richard A Parantau served a short term as Justice of the Peace and Postmaster before his death in 1893. The two daughters taught school in Chicago but returned to Simi during the summers and introduced culture to the community in the form of musical programs. The family was among the founding members of the Methodist Church (Cameron, 1963).

The Simi Cemetery continued as a private Cemetery until the County of Ventura purchased the land in 1946, established a Cemetery District, and appointed trustees to supervise the operation. The Pioneer Section of the Simi Cemetery contains the original burial plots of pioneer Simi residents both colony residents and others that settled in Simi between the 1870s and 1890s. Both Anglo and Hispanic graves are intermingled. Some of the pioneers purchased lots containing room for 12 burials.

The Pioneer Section of the Simi Cemetery is significant as the first recorded Cemetery in the Simi Valley. It is also important as the only extant feature on the lands of the original California Mutual Benefit Colony of Chicago subdivision of 1889. The small group of colonists that settled in Simi were joined by other families that formed the nucleus of the small town, the first organized settlement in the Simi Valley. The Parantau family took a small active role in the development of the fledgling community. The Pioneer Section of the Simi Cemetery is directly related to the settlement of the community.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
El Rancho Simi Cemetery District  
Simi Valley, CA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the El Rancho Simi Cemetery District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Rancho Simi Cemetery District's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

San Diego, California  
May 10, 2022

## **BASIC FINANCIAL STATEMENTS**

**EL RANCHO SIMI CEMETERY DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 102,828
Restricted cash and investments	400,408
Prepaid expenditure	13,156
Total current assets	<u>516,392</u>
Capital assets:	
Land	59,460
Furniture and fixtures	9,210
Improvements	368,138
Machinery and equipment	63,592
Accumulated depreciation	<u>(381,512)</u>
Total capital assets, net	<u>118,888</u>
Total assets	<u>635,280</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payroll liabilities	875
Improvement loan	148,794
Accrued liability	<u>16,388</u>
Total liabilities	<u>166,057</u>
<b>NET POSITION</b>	
Net investment in capital assets	118,888
Restricted for:	
Perpetual care endowment:	
Endowment care	380,950
Prudent reserve	20,658
Unrestricted	<u>(51,273)</u>
Total net position	<u>469,223</u>
Total liabilities and net position	<u>\$ 635,280</u>

The accompanying notes are an integral part of these financial statements

**EL RANCHO SIMI CEMETERY DISTRICT**

**STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental activities:</u></b>				
General administration	\$ 227,043	\$ 180,034	\$ -	\$ (47,009)
Total governmental activities	<u>\$ 227,043</u>	<u>\$ 180,034</u>	<u>\$ -</u>	<u>(47,009)</u>
General revenues:				
Taxes levied for general purposes				80,361
Miscellaneous				<u>24</u>
Total general revenues				80,385
Contribution to endowment				<u>24,200</u>
Total general revenues and contribution				<u>104,585</u>
Change in net position				57,576
Net position - beginning				425,090
Restatement				<u>(13,443)</u>
Net position - beginning of year, <i>restated</i>				<u>411,647</u>
Net position - ending of year				<u>\$ 469,223</u>

**EL RANCHO SIMI CEMETERY DISTRICT**  
**BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General Fund	Permanent Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 102,828	\$ -	\$ 102,828
Restricted cash and investments	20,658	379,750	400,408
Prepaid expenditure	13,156	-	13,156
Due from other funds	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total assets	<u>136,642</u>	<u>380,950</u>	<u>517,592</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Payroll liabilities	875	-	875
Due to other funds	1,200	-	1,200
Improvement loan	148,794	-	148,794
Accrued liability	<u>16,388</u>	<u>-</u>	<u>16,388</u>
Total liabilities	<u>167,257</u>	<u>-</u>	<u>167,257</u>
<b>FUND BALANCE</b>			
Nonspendable for prepaid	13,156	-	13,156
Nonspendable for endowment care	<u>-</u>	<u>12,200</u>	<u>12,200</u>
Restricted for prudent reserve	20,658	-	20,658
Restricted for endowment care	<u>-</u>	<u>368,750</u>	<u>368,750</u>
Unassigned	<u>(64,429)</u>	<u>-</u>	<u>304,321</u>
Total fund balances	<u>(30,615)</u>	<u>380,950</u>	<u>350,335</u>
Total liabilities and fund balances	<u>\$ 136,642</u>	<u>\$ 380,950</u>	<u>\$ 517,592</u>

**EL RANCHO SIMI CEMETERY DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEETS - GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Governmental Fund</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - Total governmental funds	\$ 350,335
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>118,888</u>
Net position of governmental activities	<u>\$ 469,223</u>

**EL RANCHO SIMI CEMETERY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Permanent Fund	Total
<b>REVENUES</b>			
County Property Tax Revenues	\$ 80,361	\$ -	\$ 80,361
Cemetery operations revenue	180,034	-	180,034
Contributions to endowment	-	12,200	12,200
Other income	24	-	24
Total revenues	<u>260,419</u>	<u>12,200</u>	<u>272,619</u>
<b>EXPENDITURES:</b>			
Current:			
Cemetery operations expenditure	209,618	-	209,618
Capital outlay	4,980	-	4,980
Total expenditures	<u>214,598</u>	<u>-</u>	<u>214,598</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>45,821</u>	<u>12,200</u>	<u>58,021</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	12,000	12,000
Total other financing sources (uses)	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Net change in fund balance	45,821	24,200	70,021
Fund balance - Beginning	<u>(62,993)</u>	<u>356,750</u>	<u>293,757</u>
Restatement	<u>(13,443)</u>	<u>-</u>	<u>(13,443)</u>
Fund balance - Beginning, Restated	<u>(76,436)</u>	<u>356,750</u>	<u>280,314</u>
Fund balance - Ending	<u>\$ (30,615)</u>	<u>\$ 380,950</u>	<u>\$ 350,335</u>

## **EL RANCHO SIMI CEMETERY DISTRICT**

### **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Governmental Fund</u>
Net changes in fund balances - total governmental funds	\$ 70,021
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Expenditures for capital outlay	4,980
Depreciation expense	<u>(17,425)</u>
<b>Change in net position of governmental activities</b>	<b>\$ <u>57,576</u></b>

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Description of Reporting Entity***

The Simi Valley Public Cemetery District was formed in March 1946 in order to operate and maintain a public Cemetery for those citizens within the District's boundaries. The name was changed to El Rancho Simi Cemetery District on June 14, 1995.

The Board of Trustees consists of a group of up to five members which has the governing and managing responsibility over all activities of the District. The Board members are from the community and are appointed for four year terms by the Ventura County Board of Supervisors.

***B. Basis of Presentation***

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. The accounts of the District are organized and operated on a fund basis. Each fund contains a separate, self-balancing set of accounts to account for its operations.

*Government-Wide Financial Statements:*

The statement of net position and statement of activities display information about the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the District, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Balances owed between governmental funds are eliminated for purposes of the government-wide financial statements since all governmental activities are combined into a single column.

*Fund Financial Statements:*

The accounts of the District are organized on the basis of two separate governmental funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues, and expenditures (or expenses), as appropriate. The fund financial statements provide specific information about the District's General Fund and Permanent fund, both of which are considered major funds. A fund is considered major if it is the primary operating fund of the District (General Fund) or if total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures are at least 10 percent of the corresponding total for all governmental funds.

Further information about each fund is presented below:

- The *General Fund* is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.
- The *Permanent Fund* accounts for the interest and principal, as well as related income and expense of the District's perpetual care endowment fund pursuant to Section 9065 of the Health and Safety Code. The purpose of the endowment is to provide for care of the District into the future.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**CONT'D**

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

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

The *government-wide financial statements* utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Government-wide equity is classified as net position.

*Governmental funds in the fund financial statements* utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources 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.

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting, which is consistent with the economic resources measurement focus discussed above. Under the accrual basis of accounting, revenues are recognized when earned, regardless of when actually available for use, and expenses are recorded when the liability is measurably incurred or economic asset is 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, which is consistent with the current financial resources measurement focus discussed above. Under the 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 collectible within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due. Governmental capital asset acquisitions (capital outlay) are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources. Those revenues susceptible to accrual in governmental funds include taxes and interest.

***D. Property Taxes***

In accordance with Article XIII-A of the State Constitution, California property taxes are collected by the County Tax Collector, pooled, and then allocated to the local governments within the County. Property tax revenue is recognized when taxes are levied.

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment - November 10 Second installment - February 10
Delinquent date:	First installment - December 10 Second installment - April 10

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONT'D**

***D. Property Taxes - Cont'd***

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. Property taxes collected are allocated to the District three times a year. The final distribution is made close to June 30 each year and reflects the property taxes collected from April 11 to approximately May 30.

***E. Cemetery Operations Revenue and Plot Inventory***

The District receives revenue from the sale of Cemetery plots and burial vaults, as well as grave opening and closing and marker setting services. The District records revenue for each Cemetery plot and vault sale at the time of the sale. Revenue for Cemetery services is recorded at the time the services are performed. Plots are considered capital assets of the District and are not treated as inventory or expensed at sale, since conveyance grants only interment rights.

***F. Contributions to Permanent Fund Endowment and Perpetual Care Expense***

The District maintains an endowment fund restricted by state law such that only the interest and investment earnings of the endowment fund may be used to care for the Cemetery, and this fund is accounted for in the District's Permanent Fund. The District collects contributions to its perpetual care endowment either at the time of each Cemetery plot sale or at the time of burial and records the contributions as revenue at the time of collection. Expenses/expenditures and liabilities for perpetual care obligations are recognized as the services are provided and not in advance due to prevalent practice.

***G. Budgets and Budgetary Accounting***

Budgets are required to be prepared and submitted in accordance with existing legal requirements. Formal budgetary integration is to be exercised as a management control device. These appropriations lapse at year-end.

***H. Cash and Investments, Including Restricted Investments***

All investments are reported at fair value, which is either the market price or amortized cost. The unexpended cash of the Permanent Fund, restricted by state law for the perpetual care endowment, is deposited in the County of Ventura Treasury. Said cash earns interest based on the fund's pro-rata share of the cash in the County Treasury.

***I. Inventory of Vaults and Vases***

Although the District maintains a small inventory of vaults and vases, because the amount is immaterial, the District recognizes the cost for these items when purchased from the supplier.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**CONT'D**

***J. Capital Assets***

The accounting treatment of capital assets varies between the government-wide financial statements and governmental fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, the District's policy is to capitalize all assets with a useful life of more than a year which costs in excess of \$1,000. Assets are valued at their historical cost to the District, or at their acquisition value at the time of receipt in the case of donated assets or assets where the original cost was unavailable. The District uses the straight-line method of computing depreciation. Estimated useful lives of the District's assets are determined based on the length of time the asset class is expected to provide service to the District. The following summarizes the range of estimated useful lives used:

Furniture and fixtures	7-30 years
Buildings and improvements	30 years
Equipment	5-7 years

Maintenance and repairs are expensed as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred prior to completion for major improvements or construction of capital assets are accumulated in construction in progress. Once they are ready for use, assets previously recorded in construction in progress are transferred to the appropriate capital asset category.

*Governmental Fund Financial Statements*

In the governmental fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

***K. Claims Liability***

As explained in Note 6, the claims liability cannot be estimated. The District did not incur any claims or claims adjustment expenses for claims covered by the District's commercial insurance.

***L. Simi Valley Improvement Loan***

Pursuant to GASB Codification 1500.103, the District considers all long-term debt that has matured as a liability on both the governmental funds financial statements and government-wide financial statements. As noted below, the District is in default of the Simi Valley Improvement Loan, and this default has caused the entire debt to mature and to be reported as a liability of the governmental fund financial statements.

***M. Equity Classifications***

*Government-Wide Statements*

Net position is the excess of all the District's assets over all its liabilities, regardless of position is divided into three categories under GASB Statement No. 34.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONT'D**

***M. Equity Classifications - Cont'd***

These categories apply only to net position, which is determined at the government-wide level (net position is not reported in governmental funds). The categories are described below:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets. This category of net position is considered non-expendable.
- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments. It includes net position constrained by law, constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." The District's Board of Directors may designate portions of unrestricted net position for particular purposes.

When expending funds for a purpose for which both restricted and unrestricted net position are available, the District uses unrestricted net position first prior to using restricted net position.

***Fund Statements***

In accordance with GASB Statement 54, the District segregates fund balance into separate classifications based primarily on the extent to which the District is obligated to honor constraints on the specific purposes for which amounts in the funds can be spent.

The following classification of fund balance is presented on the District's governmental fund balance sheet as of June 30, 2020:

- *Nonspendable fund balance* - represents the portion of fund balance that cannot be spent because it is not in spendable form because it is tied up in items such as prepaid expenses that cannot be liquidated and used for other purposes or is legally required to be maintained intact like the District's endowment fund principal.
- *Restricted fund balance* - represents amounts that are restricted under agreements or other arrangements with external parties, or by mandate of enabling legislation. Such restrictions may only be changed or lifted with the consent of the external parties that created them.
- *Unassigned fund balance* - represents amounts that are available for expenditure for any lawful purpose desired by the District.

When incurring an expense or expenditure for which a combination of restricted and unassigned fund balances are available, fund balances are liquidated in the following order, if applicable: unassigned, then restricted.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**CONT'D**

***N. Use of Estimates***

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

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments are composed of the following amounts as of June 30, 2020:

Unrestricted cash and investments:	
Cash on hand & in checking account	\$ 101,076
Cash in Ventura county treasury	<u>1,752</u>
Total unrestricted	<u>102,828</u>
Restricted Investments	
Cash in Ventura county treasury	<u>379,750</u>
Total cash and investments	<u>\$ 482,578</u>

All cash deposits in the bank are entirely insured or collateralized. Balances in excess of the \$250,000 Federal Deposit Insurance Corporation (FDIC) limit are covered by the multiple financial institution collateral pool that insures public deposits in California.

**County Treasurer's Investment Pool**

The District's investments are limited to the Ventura County Treasurer's Investment Pool. By limiting its investments to the Ventura County Treasurer's investment pool, managed in accordance with the California Government Code, the District minimizes its exposure to credit quality risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, although the District does not have a written policy addressing these risks. The Ventura County Treasury is invested by the Treasurer in accordance with the County's Statement of Investment Policy, under the oversight of the County's Treasury Oversight Committee. The Treasury Oversight Committee consists of members representing the County Board of Supervisors, County Superintendent of Schools and investment professionals. The fair value of the District's position in the Ventura County Treasurer's pool is approximately equivalent to the value of the pool shares. The Ventura County Treasurer's Pool is not rated by a major investment rating agency.

Complete disclosures on the Ventura County Treasurer's investment pool are available in the annual audited Annual Comprehensive Financial Report of the County of Ventura, which may be obtained by contacting the Ventura County Auditor-Controller at (805) 654-3152 or downloaded online at <http://www.ventura.org/auditor-controller>.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - CAPITAL ASSETS**

The following table summarizes the beginning and ending balances of capital assets of each fiscal year, as well as the changes that occurred to the balances during the year:

	Balance July 1, 2019	Additions	Balance June 30, 2020
Governmental activities			
Capital assets, depreciable:			
Furniture and fixtures	\$ 9,210	\$ -	\$ 9,210
Buildings and improvements	363,158	4,980	368,138
Equipment	<u>63,592</u>	<u>-</u>	<u>63,592</u>
Total capital assets, depreciable	<u>435,960</u>	<u>4,980</u>	<u>440,940</u>
Less accumulated depreciation	<u>(364,087)</u>	<u>(17,425)</u>	<u>(381,512)</u>
Net capital assets, depreciable	<u>71,873</u>	<u>(12,445)</u>	<u>59,428</u>
Capital assets, non-depreciable:			
land	<u>59,460</u>	<u>-</u>	<u>59,460</u>
Governmental activities capital assets, net	<u>\$ 131,333</u>	<u>\$ (12,445)</u>	<u>\$ 118,888</u>

Depreciation expense was \$17,425 for the year ended June 30, 2020.

**NOTE 4 - LONG-TERM DEBT/RELATED PARTY**

The Cemetery District executed an improvement loan agreement with the City of Simi Valley, California on April 30, 1990. The City was to administer and finance capital improvements over the following three years. Improvements were not to exceed \$350,000. The District agreed to repay the cost of improvements over ten years beginning six months after the completion of all projects or three years from the date of execution of the agreement, whichever date was first. Interest was to accrue at a rate based on the City's prevailing cost of funds. It was later agreed the composite rate would be 6.08% per annum. As of June 30, 1993, the capital improvements were completed for a total cost of \$256,797. This original amount was increased by \$8,250 and the finalized, capital improvement loan recorded by the City was \$265,047.

The Cemetery District is in default on the improvement loan due to the City as of June 30, 1998. Consequently, the entire loan had become due and recorded as a current liability. At that time, the liability totaled \$249,991 including accrued principal and interest. In an effort to assist the District, the City of Simi Valley has agreed to waive all subsequent interest until the balance is paid off.

On July 1, 1991, the City of Simi Valley, the Simi Valley Community Development Agency, and the Cemetery District entered into an agreement to share tax revenues generated by the Agency's redevelopment project areas.

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 - LONG-TERM DEBT/RELATED PARTY - CONT'D**

In accordance with this agreement, the Cemetery District is entitled to eighty percent of the portion of taxes allocated to and received by the Agency resulting from the general purpose tax levy. Until the 2011-2012 dissolution of redevelopment agencies statewide, these funds were remitted directly to the City of Simi Valley and used to offset the loan balance. As of June 30, 2011, the Agency had collected \$86,550 on behalf of the Cemetery District, reducing the District's improvement loan balance to \$178,497.

After the dissolution of redevelopment agencies in 2011-2012, the District began to receive redevelopment pass-through payments directly. On March 6, 2016, after the date of the financial statements, the District remitted \$23,873 to the City of Simi Valley to forward redevelopment pass-through payments known at that time to have been received by the District since the redevelopment dissolution.

The Cemetery District's management continues to negotiate with the City for a long-term solution and management believes the outcome of negotiations will produce a satisfactory arrangement. The District's ability to remain in operation with present management will be contingent on the continued support of the City of Simi Valley.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year*
Improvement Loan	\$ 148,794	-	-	\$ 148,794	\$ 148,794

\* The entire debt has matured as a result of the default and is legally due. However, as the City of Simi Valley has not taken legal action against the District to compel immediate repayment as of June 30, 2020, one year after the final year presented in these financial statements, the liability is not considered current.

The General Fund has typically liquidated long-term liabilities in prior years through the redevelopment fees it earns.

**NOTE 5 - DUE TO/FROM OTHER FUNDS AND TRANSFERS TO/FROM OTHER FUNDS**

Interfund advances are created when one fund receives money intended for another fund, and primarily represent endowment fees received by the General Fund that were not immediately paid over to the Permanent Fund. This balance owed between funds remains until it is repaid. All balances were expected to be repaid within one year.

As of June 30, 2020, the balances owed between funds were as follows:

Fund	Due from other funds	Due to other funds
General Fund	\$ -	\$ 1,200
Permanent Fund	<u>1,200</u>	<u>-</u>
Total	<u>\$ 1,200</u>	<u>\$ 1,200</u>

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 - RISK MANAGEMENT/CLAIMS/CONTINGENCIES**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. This District has mitigated these risks by purchasing commercial insurance.

The District has received claims and is investigating issues involving burial plots sold and interments. Other claims may also be asserted on the District's operations. The total liability associated with these matters cannot be estimated at this time as the situation is currently developing, and therefore, the total liability is not included in the financial statements.

**NOTE 7 - SUBSEQUENT EVENTS**

The COVID-19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations and financial position.

Subsequent events were evaluated through February 20, 2022, which is the date the financial statements were available to be issued.

**NOTE 8 - PRIOR PERIOD ADJUSTMENT**

The District has restated prior year net positions and fund balances as a result of the following:

	Type	Net position Adjustments	Fund Balance Adjustments
Beginning net position and fund balances as previously reported at July 01, 2019		\$ 425,090	\$ 293,757
Accounts payables was overstated in the prior year	Liability	3,787	3,787
Prepaid expenses were overstated in the prior year	Assets	(10,130)	(10,130)
Preneed liability was overstated in the prior year	Liability	(7,100)	(7,100)
Total adjustments		(13,443)	(13,443)
Net position and fund balances as restated, July 01, 2019		\$ 411,647	\$ 280,314

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EL RANCHO SIMI CEMETERY DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Tax	\$ 79,000	\$ 79,000	\$ 80,361	\$ 1,361
Redevelopment pass through	-	-	-	-
Charges for cemetery services	94,000	94,000	180,034	86,034
Other revenue	24	24	24	-
Total revenues	<u>173,024</u>	<u>173,024</u>	<u>260,419</u>	<u>87,395</u>
<b>EXPENDITURES</b>				
Current:				
Cemetery operations	170,808	170,808	209,618	(38,810)
Capital outlay	-	-	4,980	(4,980)
Total expenditures	<u>170,808</u>	<u>170,808</u>	<u>214,598</u>	<u>(43,790)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$ 2,216</u>	<u>\$ 2,216</u>	<u>\$ 45,821</u>	<u>\$ 43,605</u>

See the notes to required supplementary information

**EL RANCHO SIMI CEMETERY DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 1 - LEVEL OF BUDGETARY CONTROL**

The Board of Directors approves each individual expenditure throughout the year.

**NOTE 2 - BASIS OF ACCOUNTING**

The budgetary comparison schedules are presented in accordance with generally accepted accounting principles for governmental funds (the modified accrual basis). The budget is adopted on this basis.

**NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures in the General Fund exceeded appropriations in the current year by \$43,790.

## **COMPLIANCE SECTION**



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

To the Board of Directors  
El Rancho Simi Cemetery District  
Simi Valley, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the El Rancho Simi Cemetery District ("the District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 10, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the El Rancho Simi 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

*Hanshmal & Company LLP*

San Diego, California  
May 10, 2022

**EL RANCHO SIMI CEMETERY DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
• Noncompliance material to financial statements noted?	No

**EL RANCHO SIMI CEMETERY DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001: Loan Agreement in Default (Repeated/Modified)**

**Criteria**

The District's loan agreement with the City of Simi Valley that financed certain capital improvements at the District required that the District make level payments sufficient to repay the loan within 10 years from 1993 when construction on the improvements was completed.

**Condition**

The District's debt has been reduced each year by the application of redevelopment pass-through funding earned by the District, payments at the level required by the improvement loan agreement have not been made since 1997. The District has appropriately disclosed the situation in the Note 4 to its financial statements for the year ended June 30, 2020.

**Cause**

The District is financially unable to repay the debt according to the original repayment terms.

**Effect**

Default on the loan has caused the entire loan amount to become legally due however, the lender has not yet taken action to compel repayment.

**Recommendation**

We recommend the District continue negotiations with the lender to arrive at a long-term agreement on the defaulted debt.

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

The District has an agreement in place with the City of Simi Valley to make repayment as soon as the District becomes fiscally able to do so.

**Responsible officials**

Vice-Chairman Ronald Cammarata

**EL RANCHO SIMI CEMETERY DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION II - FINANCIAL STATEMENT FINDINGS - Cont'd**

**Finding 2020-002: Internal Control over Financial Close and Reporting**

**Criteria**

Internal controls over financial reporting should be in place to ensure that all adjusting journal entries are supported and timely reviewed. And, all transactions should be reflected correctly in the financial statements.

**Condition**

**Lack of Journal Entry Approval**

During our audit, we found no formal review and approval process by management over journal entries before the entries being posted into the books.

**Fund Balance**

The District has restated the beginning fund balance to correct the balances of accounts payables, preneed liability and prepaid expenses accounts.

**Cause**

The District did not follow proper internal control procedures to ensure timely review of adjustment entries and accurate financial reporting.

**Effect**

Without established and adequate internal controls and year-end reconciliation procedures, the District's balances lack certainty about the accuracy of the balances.

**Auditor's Recommendation**

We recommend that the management implement adequate internal controls and procedures to ensure timely review of adjustment entries and accurate financial statements.

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

The bookkeeper will add a report to the monthly board financial reporting package. This report will detail all adjusting journal entries made in the reporting period so that the board of directors can review and approve all journal entries.

**Responsible officials**

Bookkeeper - Lisa Eideman

Board Chairman - William Saunders

Board Vice-Chairman - Ron Cammarata

Board Treasurer - Deborah Burdorf

Trustee - Paula Ryan-Apuzzo

Trustee - Stephen Frank

**EL RANCHO SIMI CEMETERY DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Prior Year Audit Findings</u>	<u>Status</u>
Finding 2019-01 Loan Agreement in Default	Repeated refer 2020-01
Finding 2019-02 Frequency of District's Audit	Resolved
Finding 2019-03 Risk Assessment	Resolved