



County of Yolo

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- *Financial Strategy Leadership*
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- *Procurement*

June 26, 2017

Board of Trustees
Winters Cemetery District
P.O. Box 402
Winters, CA 95694

Re: Winters Cemetery District Report on Applied Agreed-Upon Procedures

Dear Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by the Winters Cemetery District, solely to assist the District in assessing the District's ability to keep adequate records to produce financial statements in accordance with generally accepted accounting principles for the period July 1, 2013 to June 30, 2015. The District's management is responsible for the accounting records. The agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. Inquire with the District to follow-up on any prior year findings to document the corrective action plans.

Results: Winters Cemetery District had 6 prior year audit recommendations that addressed compliance issues and internal control weaknesses. The District provided a status response for each of the prior year audit findings. The majority of the prior year audit findings have been implemented. We have included the unimplemented exceptions, as it relates to the procedures performed, within this report.

Considerations: None

2. Verify that the Special District Financial Transactions Report agrees to the official records of the District and was properly filed with the State for each fiscal year June 30, within the audit period. (*Government Code 53891*)

Results: Winters Cemetery District Special District Financial Transaction Report (reports) for fiscal years 2013-14 and 2014-15 were prepared by the Department of Financial Services General Accounting Division. The auditors traced the District's account balances from the general ledger to the reports and validated that the reports were transmitted to the State's file transfer protocol before the due date. Procedure performed with no exception.

Considerations: None

3. Verify that the District's budget and amendments were approved by the governing board and recorded in the general ledger for each fiscal year within the audit period (*Health & Safety Code 9070*)

Results: Winters Cemetery District budgets for fiscal years 2013-14 and 2014-15 were prepared by the District and forwarded to the Department of Financial Services (DFS) General Accounting Division for further processing. The auditors traced the District's budget, as approved by the Board of Trustees, to the general ledger and found that the District exceeded its appropriation authority for services and supplies and capital equipment in the amount of \$20,976 and \$8,155 in the fiscal year ended 2014. For fiscal year ended 2015, \$4,210 was exceeded for capital building and improvements. According to the District, the board approved minutes showing the budget adjustments were submitted to the DFS management as directed.

Considerations: The District should seek confirmation from DFS management that budget adjustments were completed to avoid any budget overruns.

4. Review the District's board minutes to determine that significant transactions including financial contractual agreements as noted in the minutes of the District were properly recorded in the general ledger for each fiscal year within the audit period.

Results: The auditors reviewed the District's board minutes from July 1, 2013 through June 30, 2015 to validate transactions and proper recording within the general ledger and review the District's current internal controls and operations as it pertained to each audit procedure. Exceptions are noted at each procedure within this report.

Considerations: None

5. Review laws and regulations that may have a direct and material effect on the determination of amounts in the District's financial statements. (*Public Cemetery Districts – Health & Safety Codes/Government Codes*)

Results: The auditors reviewed a selected sample of the Public Cemetery District – Health & Safety and Government Codes as it pertained to each audit procedure. Exceptions are noted at each procedure within this report.

Considerations: None

6. Verify that the Board of Trustees has adopted a schedule of fees for the cost of any service which the District provides or the cost of enforcing any regulation for which a fee is charged. (*Health & Safety Code 9068 & 9083*)

Results: Winters Cemetery District Board of Trustees adopted a fee schedule for burial services. The auditors reviewed the fees established and verified that the amounts were approved by the Trustees and authorized by the Health & Safety Code. Procedure performed with no exception.

Considerations: None

7. Verify that the Board of Trustees has adopted a resolution which specifies the policies and procedures governing waivers. (*Health & Safety Code 9083*)

Results: Winters Cemetery District Board of Trustees adopted Resolution No. 2015-01 on March 11, 2015 to rescind the previously adopted Resolution No. 2006-1 for waiver of fees. During the audit period, the auditors examined 3 burial transactions where burial and endowment fees were waived for long-term district employees and volunteers as adopted in the resolution but not approved by the district board. In addition, the District retains an internal listing of present and former Board of Trustees, employees, volunteers and their spouses whereas this waiver applies.

Considerations: The District should consider reviewing the resolution and the internal listing for waiver of fees to adopt or rescind action.

8. Verify that the Board of Trustees has exercised their independent judgment on behalf of the interests of the entire District, held regular meetings and has not exceeded the stipend amount, if applicable. (*Health & Safety Code 9020-9031*)

Results: Winters Cemetery District holds regular monthly meetings. The Board of Trustees do not receive any compensation for attending the meetings. The District is a multi-county agency whereas a biannual review of the conflict of interest is required and filing with the Yolo County Clerk-Recorder and Fair Political Practices Commission (FPPC). Each Statement of Economic Interests (Form 700) is completed by each Trustee and kept on file with the district. The auditors validated that the district has held regular monthly meetings, that no compensation was paid to the

Board of Trustees for attending the meetings and that a Statement of Economic Interests (Form 700) was on file with the district.

However, one Trustee was paid for contracting services in the amount \$18,775 for verifying and compiling data for map and burial records for the cemetery that may cause a potential conflict of interest.

Considerations: The District should consider consulting with their legal counsel for advice on the appropriateness for having a Trustee perform services for the district while an active member of the board.

9. Perform a fluctuation analysis of all current account balances of the income statement and balance sheet comparing to prior year's actual and current year's budget within the audit period.

Results: The auditors performed a fluctuation analysis of all current account balances of the income statement and balance sheet and compared to prior year's actual and current year's budget, and investigated any variances exceeding \$5,000 and/or unusual transactions. The auditors inquired with District management and reviewed the District minutes for explanation of variances. The results are illustrated below:

- General reserve balance increased by \$3,000 each year as in accordance with District approved budget
- Sprinkler system upgraded and installation of irrigation timers
- Purchased casket lowering device for \$8,156 and a tractor for \$12,049
- Headstone deposit established - Resolution No. 2014-03
- Redevelopment Agency pass-thru payments received, totaling \$124,902:
 - 2013-2014, \$42,141 - Regular Pass-through payments
 - 2014-2015, \$47,255 - Regular Pass-through payments
 - 2014-2015, \$35,506 - Arrears payments for miscalculations (Payments to be made over five years)
- Salaries and employee benefits decreased due to the retirement of the former District Manager and the consolidation of the district manager/secretary job classifications
- Fuel expense amount decreased by 63% in FY 2013-14

Considerations: None

10. Select a sample of revenue transactions for each fiscal year within the audit period to verify that the revenue has been properly accounted for in the District's accounting records and deposited properly within the County Treasury.

Results: Winters Cemetery District had 35 plot/niche sales and 81 burials during the audit period. The auditors selected 20% of the burial transactions and traced the transactions to the

district burial and accounting records. All burial transactions agreed to the district records; however, the District's procedures and criteria for transferring internment rights to the named successor is not clearly explained as to the intentions from the Winters Japanese Buddhist Church.

Considerations: The District should consider obtaining authorization from the Internment Rights Holder of record before assigning internment rights to the Winters Japanese Buddhist Church cemetery section and other designated areas.

11. Select a sample of expenditures from the District's general ledger to verify the appropriate use for each fiscal year within the audit period.

Results: The auditors selected a sample of expenditure transactions from the general ledger and verified that the transactions were reasonable based on the purpose of the District, authorized by the Board of Trustees or other authorized official, and supported by adequate documentation for audit purposes. All expenditure transactions agreed to the District records. Procedure performed with no exception.

Considerations: None

12. Review the last meeting minutes of each fiscal year as well as one other meeting within the audit period (total of two for each fiscal year) to verify that the meeting held was regular, open and public, the agenda was posted 72 hours prior to the meeting, and all discussions were posted to both the agenda and the meeting minutes. (*Government Code 54950-54963*)

Results: The auditors examined 4 agendas and meeting minutes. The agenda notices were publicly noticed at the cemetery office, post office, and a local bulletin board in downtown Winters, California and posted within 72 hours prior to the meetings. Quorum was met as required by the code. The meeting minutes agreed to the agenda items. Procedure performed with no exception.

Considerations: None

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We invite the District to provide a response regarding the results of the review. The District will be given 30 days from the date of this draft to provide a response. If no response is received the report will be finalized and issued to the intended parties.

This report is prepared for use by the Winters Cemetery District Management, the Board of Trustees, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

*Winters Cemetery District
Agreed Upon Procedures
June 26, 2017
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We appreciate the timely and professional responses provided by the District's management and the Board of Trustees to our requests for information.

Sincerely,



Mary E. Khoshmashrab, MSBA, CPA
Internal Audit Manager
County of Yolo

cc: Supervisor Don Saylor, Yolo County District 2
Patrick Blacklock, Yolo County Administrator
Howard Newens, CIA, CPA, Yolo County, Chief Financial Officer

Schedule of Prior Year Findings

Summarized below is the current status of all audit findings reported in the Winters Cemetery District Final Agreed Upon Procedures report dated October 26, 2015:

| Finding Title | Finding Description | Status of Corrective Action |
|--|--|-----------------------------|
| Expenditures exceeded authorized budgeted appropriations | Review monthly ledgers by line item, have the Board of Trustees approve the appropriation transfer and submit correction to the Department of Financial Services General Accounting when applicable. | Partially Implemented |
| Established burial fees are overstated | Review district fee schedule and perform a cost analysis to ensure that the established fees are reasonable, comply with the law, and do not exceed the actual costs to provide the service. | Implemented |
| Waiver of burial fees | District rescinded fee waiver provisions. | Partially Implemented |
| Statement of Economic Interests Form (Form 700) | Removed by auditor. | Not applicable |
| Receivable amount not recorded | Monitor outstanding accounts receivables on a monthly basis; provide a status report to the Board of Trustees and record transaction in the general ledger. | Not applicable |
| Disinterment of burial | Have a sign-off by the contractor and district manager with verification to cemetery map prior to open and close of graves. | Implemented |