

TERRA BELLA MEMORIAL DISTRICT  
REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

October 31, 2019

Board of Directors  
Terra Bella Memorial District  
Terra Bella, California

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of Terra Bella Memorial District, State of California, as of and for the year ended June 30, 2019 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**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Terra Bella Memorial District, State of California, as of June 30, 2019 and the respective changes in financial position and cash flows 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 management's discussion and analysis on pages three through six and the statement of revenue, expenditures and changes in fund balance – budget and actual on page 18 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 them to be essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2019 on my consideration of Terra Bella Memorial District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Sanborn and Sanborn  
Accountancy Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

**TERRA BELLA MEMORIAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

As management of Terra Bella Memorial District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

**Financial Highlights**

- Assets of the District exceeded its liabilities as of June 30, 2019 by \$123,247. Of this amount, unrestricted net position of \$90,155 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2018, assets exceeded liabilities by \$103,047 with unrestricted net position equaling \$78,047.
- Total net position increased by \$20,200 for the year ended June 30, 2019. For the year ended June 30, 2018, total net position increased by \$1,907.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$90,155, an increase of \$12,108 in comparison with the prior year. Of this amount, \$90,155 is unassigned and available for spending, with none of it designated for specific future use by the Board of Directors of the District. For the year ended June 30, 2018, the District's governmental fund had an ending fund balance of \$78,047, with all of it unassigned and available for spending. There was an increase of \$1,907 in the ending fund balance in the prior year.
- During the current year, the District's fixed assets increased \$8,092. This was a result of capital outlay less depreciation expense. Depreciation expense is the ratable amortization of the cost of fixed assets. Depreciation expense in the current year amounted to \$208. There was capital outlay during the current year amounted to \$8,300. There was no capital outlay during the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Terra Bella Memorial District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expense are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally non business in nature (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include providing meeting facilities for veterans groups and others. The District has no business-type activities.

The government-wide financial statements include only the District itself. The District has no component units.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The District has no proprietary funds and only one governmental fund, the General Fund.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the two.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the District's assets exceeded liabilities by \$123,247. A significant portion of the District's net position (27 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to customers and they are not available for future spending.

The following represent summaries of the District's net position and changes in net position for the current and prior years:

**Terra Bella Memorial District's Net Position**

	<u>Governmental Activities</u>	<u>Current Year Total</u>	<u>Prior Year Total</u>
Current assets	\$ 96,897	\$ 96,897	\$ 86,781
Other assets	<u>33,092</u>	<u>33,092</u>	<u>25,000</u>
Total assets	<u>129,989</u>	<u>129,989</u>	<u>111,781</u>
Current liabilities	<u>6,742</u>	<u>6,742</u>	<u>8,734</u>
Total liabilities	<u>6,742</u>	<u>6,742</u>	<u>8,734</u>
Net position:			
Invested in capital assets, net of related debt	33,092	33,092	25,000
Unrestricted	<u>90,155</u>	<u>90,155</u>	<u>78,047</u>
Total net position	<u>\$ 123,247</u>	<u>\$ 123,247</u>	<u>\$ 103,047</u>

**Terra Bella Memorial District's Changes in Net Position**

	<u>Governmental Activities</u>	<u>Current Year Total</u>	<u>Prior Year Total</u>
Program revenue			
Charges for services and facilities	\$ 17,325	\$ 17,325	\$ 7,202
Operating grants and contributions	<u>4,310</u>	<u>4,310</u>	<u>1,000</u>
Total revenue	<u>21,635</u>	<u>21,635</u>	<u>8,202</u>
Expense			
Facility costs	<u>90,435</u>	<u>90,435</u>	<u>89,352</u>
Total expense	<u>90,435</u>	<u>90,435</u>	<u>89,352</u>
Increase/(decrease) in net position before general revenue	(68,800)	(68,800)	(81,150)
General revenue	<u>89,000</u>	<u>89,000</u>	<u>83,057</u>
Increase in net position	20,200	20,200	1,907
Net position, beginning of year	<u>103,047</u>	<u>103,047</u>	<u>101,140</u>
Net position, end of year	<u>\$ 123,247</u>	<u>\$ 123,247</u>	<u>\$ 103,047</u>

**Governmental activities.** Governmental activities increased the District's net position by \$20,200, accounting for 100 percent of the total decline in net position.

### **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The purpose of the District's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, the District's governmental fund reported an ending fund balance of \$90,155, an increase of \$12,108 in comparison to the prior year. Of the ending fund balance, \$90,155 is unassigned and available for spending at the District's discretion.

### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2019 amounted to \$33,092 (net of allowance for depreciation). This investment in capital assets includes land, building, improvements and equipment.

Additional information on the District's capital assets can be found in note three.

**Debt administration.** The District has no long-term debt.

### **Economic Factors and Next Year's Budgets and Rates**

The budget for the year ending June 30, 2020 projects a deficit of \$70,381. Revenue is anticipated to decrease by \$64,935, while expenditures are expected to increase by \$17,554, due primarily to a decrease in budgeted services and supplies of \$7,869.

Facility rental rates are not expected to increase during the year ending June 30, 2020. Rental incidences are not expected to increase dramatically compared to 2018/2019.

### **Requests for Information**

This financial report is designed to provide a general overview of Terra Bella Memorial District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the President of the Board of Directors, Terra Bella Memorial District, P. O. Box 10487, Terra Bella, California 93270.

TERRA BELLA MEMORIAL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

Assets	
Current assets	
Cash and cash equivalents	\$ 93,631
Prepaid expense	<u>3,266</u>
Total current assets	<u>96,897</u>
Other assets	
Capital assets (net of allowance for depreciation)	<u>33,092</u>
Total other assets	<u>33,092</u>
Total assets	<u>129,989</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expense	3,142
Deposits	<u>3,600</u>
Total current liabilities	<u>6,742</u>
Net Position	
Invested in capital assets, net of related debt	33,092
Unrestricted	<u>90,155</u>
Total net position	<u>\$ 123,247</u>

See accompanying notes to financial statements.



TERRA BELLA MEMORIAL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expense</u>	<u>Program Revenue</u>		<u>Net Revenue/ (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental operations				
Rental activities	<u>\$ 90,435</u>	<u>\$ 17,325</u>	<u>\$ 4,310</u>	<u>\$ (68,800)</u>
General revenue				
Property taxes				86,865
Interest				1,462
Intergovernmental				<u>673</u>
Total general revenue				<u>89,000</u>
Change in net position				20,200
Net position, beginning of year				<u>103,047</u>
Net position, end of year				<u>\$ 123,247</u>

See accompanying notes to financial statements.

TERRA BELLA MEMORIAL DISTRICT  
GOVERNMENTAL FUNDS  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2019 AND 2018

	General Fund	
	2019	2018
Assets		
Cash on hand	\$ 15,458	\$ 100
Cash in bank	4,735	10,504
Cash in county treasury	73,438	76,177
Prepaid expense	3,266	
	\$ 96,897	\$ 86,781
Liabilities and Fund Balance		
Liabilities		
Accounts payable and accrued expense	\$ 3,142	\$ 6,934
Deposits	3,600	1,800
Total liabilities	6,742	8,734
Fund balance		
Unassigned	90,155	78,047
Total fund balance	90,155	78,047
	\$ 96,897	\$ 86,781

See accompanying notes to financial statements.

TERRA BELLA MEMORIAL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE  
SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances – total governmental funds	\$ 90,155
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	<u>33,092</u>
Net position of governmental activities	<u>\$ 123,247</u>

See accompanying notes to financial statements.

TERRA BELLA MEMORIAL DISTRICT  
GOVERNMENTAL FUNDS  
COMPARATIVE STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

	General Fund	
	2019	2018
Revenue		
Property taxes	\$ 86,865	\$ 81,327
Rents	17,325	7,202
Other	4,310	1,000
Interest	1,462	1,057
Intergovernmental	673	673
Total revenue	110,635	91,259
Expenditures		
Current		
Salaries and wages	43,164	33,697
Utilities	18,909	19,097
Insurance	10,283	3,596
Repairs and maintenance	6,807	20,205
Employee benefits	3,831	2,996
Services and supplies	3,328	4,131
Professional and specialized	2,350	2,400
Office supplies and postage	775	1,147
Other	359	
Property tax administrative cost	266	2,083
Publications and legal notices	155	
Capital outlay	8,300	
Total expenditures	98,527	89,352
Net change in fund balance	12,108	1,907
Fund balance, beginning of year	78,047	76,140
Fund balance, end of year	\$ 90,155	\$ 78,047

See accompanying notes to financial statements.

TERRA BELLA MEMORIAL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF  
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 12,108
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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. This is the amount by which capital outlay exceeded depreciation in the current period

<u>8,092</u>
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Change in net position of governmental activities

<u>\$ 20,200</u>
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See accompanying notes to financial statements.

TERRA BELLA MEMORIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies

Terra Bella Memorial District was organized upon the approval of the Board of Supervisors of Tulare County. The District was organized to provide and maintain meeting facilities for the use of veteran organizations. In addition, the District, under policies adopted by its Board of Directors, makes its facilities available to the community of Terra Bella. As the District is a governmental unit, it is exempt from federal and California taxes on income.

The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable).

A. Financial Reporting Entity

As required by generally accepted accounting principles, these general purpose financial statements present the District in conformance with GASB Statement No. 14, "The Financial Reporting Entity." Under Statement No. 14, component units are organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue include charges to customers and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flow. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

TERRA BELLA MEMORIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The financial statements of the District are presented using the full accrual method of accounting and conform to accounting principles generally accepted in the United States of America and with the policies and procedures of the office of the State Controller, State of California. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with the GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, District revenues are available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's only operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenue include charges to customers for goods and services, operating grants and contributions and capital grants and contributions.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

Investments are reported at fair value. Cash represents cash on hand and in banks. Investments made from pooled cash consist primarily of short-term investments.

2. Property, Plant and Equipment

Capital assets, which include property, plant and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations.

TERRA BELLA MEMORIAL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded by using the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	Estimated Useful Life in Years
Buildings and improvements	10 – 40
Equipment	5 – 10

3. Fund Equity

In the fund financial statements, governmental funds report fund balance amounts in the following classifications: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable amounts represent inventories, prepaid items and long-term receivables. Restricted amounts have been restricted by external bodies. Committed amounts have been restricted by the District’s governing board. Assigned amounts represent tentative designations by the District. Unassigned amounts are spendable and are not restricted, committed or assigned.

4. Net Position

Net position comprise the various net earnings from operating income, nonoperating revenue and expense and capital contributions. Net position are classified in the following three components:

*Invested in capital assets, net of related debt* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset components as the unspent proceeds.

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This component of net position consists of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

E. Budgets and Budgetary Accounting

The District established a budget for its governmental fund for the year ended June 30, 2019. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).



TERRA BELLA MEMORIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies (continued)

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2: Cash

The District's deposits as of June 30, 2019, were entirely covered by federal depository insurance or otherwise collateralized. The Government Code of the State of California requires California financial institutions to secure District deposits by pledging government securities as collateral.

The following is an analysis of cash as of June 30, 2019:

	Bank Balance Category*			Carrying Amount
	1	2	3	
Cash on hand	\$ 15,458	\$	\$	\$ 15,458
Cash in bank	4,735			4,735
County of Tulare		73,438		73,438
	\$ 20,193	\$ 73,438	\$	\$ 93,631

\* These categories are as follows:

- Category 1: Cash on hand or insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the District or by its agents in the District's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3: Uncollateralized.

Note 3: Property, Plant and Equipment

The following is an analysis of the District's fixed assets as of June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land (not depreciated)	\$ 25,000	\$	\$	\$ 25,000
Buildings and improvements	152,575	8,300		160,875
Equipment	89,523			89,523
Total	267,098	8,300		275,398
Depreciation allowance	(242,098)	(208)		(242,306)
	\$ 25,000	\$ 8,092	\$	\$ 33,092

TERRA BELLA MEMORIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 4: Actual Expenditures in Excess of Budgeted Expenditures

Actual expenditures exceeded budgeted expenditures by \$1,427 for the year ended June 30, 2019.

Note 5: Subsequent Events

Events affecting the District subsequent to June 30, 2019 through October 31, 2019 have been evaluated and included within these financial statements when applicable.

Note 6: Board of Directors

Members of the Board of Directors as of June 30, 2019, were as follows:

Juan Lopez	President
Ruben Contreras	Director
Jose Delgado	Director
Veronica Lopez	Director
Jim Tatum	Director

TERRA BELLA MEMORIAL DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund		
	Budget - Original and Final	Actual	Variance - Favorable/ (Unfavorable)
Revenue			
Property taxes	\$ 20,610	\$ 86,865	\$ 66,255
Rents	23,227	17,325	(5,902)
Other		4,310	4,310
Interest		1,462	1,462
Intergovernmental		<u>673</u>	<u>673</u>
Total revenue	<u>43,837</u>	<u>110,635</u>	<u>66,798</u>
Expenditures			
Current			
Salaries and wages	35,000	43,164	(8,164)
Utilities	15,000	18,909	(3,909)
Insurance	3,500	10,283	(6,783)
Repairs and maintenance	25,000	6,807	18,193
Employee benefits	5,000	3,831	1,169
Services and supplies	12,000	3,328	8,672
Professional and specialized	500	2,350	(1,850)
Office supplies and postage	1,000	775	225
Other		359	(359)
Property tax administrative cost		266	(266)
Publications and legal notices	100	155	(55)
Capital outlay		<u>8,300</u>	<u>(8,300)</u>
Total expenditures	<u>97,100</u>	<u>98,527</u>	<u>(1,427)</u>
Revenue over/(under) expenditures	(53,263)	12,108	65,371
Fund balance, beginning of year	<u>78,047</u>	<u>78,047</u>	
Fund balance, end of year	<u>\$ 24,784</u>	<u>\$ 90,155</u>	<u>\$ 65,371</u>

See accompanying notes to financial statements.

# SANBORN & SANBORN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

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## **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***

### INDEPENDENT AUDITOR'S REPORT

October 31, 2019

Board of Directors  
Terra Bella Memorial District  
Terra Bella, California

I 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 business-type activities of Terra Bella Memorial District as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 31, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Terra Bella Memorial 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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*, 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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Terra Bella Memorial District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of the Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sanborn and Sanborn  
Accountancy Corporation*

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