

**GRANT COUNTY
CEMETERY DISTRICT
FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2018**

**GRANT COUNTY CEMETERY DISTRICT
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For the Year Ended December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Grant County Cemetery District
Ulysses, Kansas 67880

We have audited the accompanying summary statement of receipts, expenditures, and unencumbered cash of the Grant County Cemetery District, a Municipality, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide, as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statement, the financial statement is prepared by the Grant County Cemetery District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than generally accepted accounting principles in the United States of America.

The effects of the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Grant County Cemetery District as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

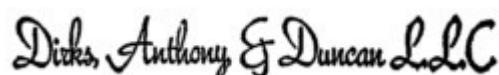
Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Grant County Cemetery District as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, and the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Grant County Cemetery District as of and for the year ended December 31, 2017, and have issued our reported thereon dated July 2, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2017 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note 1.



DIRKS, ANTHONY & DUNCAN, LLC

Certified Public Accountants

June 30, 2019

GRANT COUNTY CEMETERY DISTRICT
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Outstanding Encumbrances Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ 191,446.86	\$ 142,832.11	\$ 170,252.31	\$ 164,026.66	\$ -	\$ 164,026.66
Total Reporting Entity	\$ 191,446.86	\$ 142,832.11	\$ 170,252.31	\$ 164,026.66	\$ -	\$ 164,026.66
Composition of Cash:			Grant County Bank			
			Checking Account			\$ 60,118.22
			Investments			<u>103,908.44</u>
			Total Reporting Entity			<u>\$ 164,026.66</u>

The notes to the financial statement are an integral part of this statement.

GRANT COUNTY CEMETERY DISTRICT

Notes to the Financial Statement

December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Grant County Cemetery District is a municipality of the State of Kansas organized under K.S.A. 12-1219, with a five-member Board appointed by the Grant County Commissioners, Ulysses, Kansas. This financial statement presents the Grant County Cemetery District (the Municipality). The Grant County Cemetery District has no related municipal entities.

Regulatory Basis Fund Type

General Fund – The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The Grant County Cemetery District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Grant County Cemetery District to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

GRANT COUNTY CEMETERY DISTRICT

Notes to the Financial Statement

December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing bod to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for utility reserve funds and certain special purpose funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Grant County Cemetery District. The statute requires banks eligible to hold the Grant County Cemetery District's funds to have a main or branch bank in the county in which the Grant County Cemetery District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Grant County Cemetery District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Grant County Cemetery District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Grant County Cemetery District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. State statutes place no limit on the amount the Grant County Cemetery District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Grant County Cemetery District's deposits may not be returned to it. State statutes require the Grant County Cemetery District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the carrying amount of the Grant County Cemetery District's deposits, including certificates of deposit, was \$164,026.66 and the bank balance was \$170,151.65. Of the bank balance, the entire amount was covered by the federal depository insurance.

GRANT COUNTY CEMETERY DISTRICT

Notes to the Financial Statement

December 31, 2018

NOTE 3 – PENSION COSTS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Plan Description. The Grant County Cemetery District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statement and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 749,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or before July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contribution are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the Grant County Cemetery District was \$3,283.91 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the Grant County Cemetery District's proportionate share of the collective net pension liability reported by KPERS was \$30,036. The net pension liability was measured as of June 30, 2018, and the total liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The Grant County Cemetery District's proportion of the net pension liability was based on the ratio of the Grant County Cemetery District's contributions to KPERS, relative to the total employer and non-employer contribution of the local sub group within KPERS.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website www.kpers.org or can be obtained as described above.

Other Employee Benefits

Vacation and Sick Leave. The Grant County Cemetery District does not have any vacation or sick leave.

Other Post-Employment Benefits

The Grant County Cemetery District does not provide any post-employment benefits as provided by K.S.A. 12-5040.

NOTE 4 – RISK MANAGEMENT

The Grant County Cemetery District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Grant County Cemetery District continues to carry commercial insurance for all other risks of loss, including property, liability, employee benefits, workers' compensation and commercial output. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

No statute violations were noted for the year ending December 31, 2018.

GRANT COUNTY CEMETERY DISTRICT

Notes to the Financial Statement

December 31, 2018

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there was no subsequent event that is required to be recognized or disclosed in this financial statement.

GRANT COUNTY CEMETERY DISTRICT

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

GRANT COUNTY CEMETERY DISTRICT
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018

<u>Fund</u>	<u>Certified Budget</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund	<u>\$ 330,000.00</u>	<u>\$ 330,000.00</u>	<u>\$ 170,252.31</u>	<u>\$ (159,747.69)</u>
Total Primary Government	<u>\$ 330,000.00</u>	<u>\$ 330,000.00</u>	<u>\$ 170,252.31</u>	<u>\$ (159,747.69)</u>

GRANT COUNTY CEMETERY DISTRICT

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year	Current Year		Variance Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts				
Ad Valorem Property Tax	\$ 111,500.03	\$ 114,000.63	\$ 115,107.00	\$ (1,106.37)
Motor Vehicle Tax	6,280.00	7,002.56	5,957.00	1,045.56
16/20 Vehicle Tax	206.07	262.95	280.00	(17.05)
Commerical Vehicle Tax	1,378.23	1,841.29	1,332.00	509.29
Back Taxes	909.02	1,107.35	-	1,107.35
Watercraft	19.35	21.22	-	21.22
Recreational Vehicle Tax	138.53	160.72	130.00	30.72
Rental Car Tax	0.33	0.36	-	0.36
Royalty and Rents	283.91	200.00	400.00	(200.00)
Interest Income	710.61	1,753.04	500.00	1,253.04
Land Lease	660.00	-	684.00	(684.00)
Lot Sales	8,750.00	4,300.00	7,000.00	(2,700.00)
Open/Close Fees	12,400.00	11,125.00	12,000.00	(875.00)
Reimbursements and Misc.	2,274.13	406.99	100.00	306.99
FEMA Disaster Relief / State Aid	10,131.68	-	-	-
Site Marking	<u>500.00</u>	<u>650.00</u>	<u>500.00</u>	<u>150.00</u>
Total Receipts	<u>156,141.89</u>	<u>142,832.11</u>	<u>\$ 143,990.00</u>	<u>\$ (1,157.89)</u>
Expenditures				
Personal Services	84,687.73	92,202.33	85,000.00	7,202.33
Contractual Services	30,393.31	27,136.56	30,000.00	(2,863.44)
Commodities	17,173.06	26,965.59	20,000.00	6,965.59
Capital Outlay	59,648.86	23,934.91	195,000.00	(171,065.09)
FEMA Disaster Cleanup	10,131.68	-	-	-
Neighborhood Revitalization Rebate	<u>17.08</u>	<u>12.92</u>	<u>-</u>	<u>12.92</u>
Total Expenditures	<u>202,051.72</u>	<u>170,252.31</u>	<u>\$ 330,000.00</u>	<u>(159,747.69)</u>
Receipts Over (Under) Expenditures	(45,909.83)	(27,420.20)		<u>\$ 158,589.80</u>
Unencumbered Cash, Beginning	<u>237,356.69</u>	<u>191,446.86</u>		
Unencumbered Cash, Ending	<u>\$ 191,446.86</u>	<u>\$ 164,026.66</u>		