

SYLVAN CEMETERY DISTRICT
Annual Financial Report
With Independent Auditor's Report Thereon
June 30, 2016

SYLVAN CEMETERY DISTRICT
Annual Financial Report
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sylvan Cemetery District
Citrus Heights, California

We have audited the accompanying financial statements of the governmental activities and each major fund of Sylvan Cemetery District, as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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 statements.

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

Board of Trustees
Sylvan Cemetery District

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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 29 through 30 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.

Fechter & Company
Certified Public Accountants

Fechter & Company

Sacramento, California
January 10, 2017

SYLVAN CEMETERY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Sylvan Cemetery District's (the District) activities and financial performance provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2016.

Following this MD&A are the basic financial statements of the District together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

DISTRICT ACTIVITIES HIGHLIGHTS

The District operates Sylvan Cemetery located in Sacramento County at 7401 Auburn Boulevard; their offices are located at 7484 Kanai Avenue, Citrus Heights, California 95621. Sylvan Cemetery has provided burial services for the community since 1862 at its 18 acre facility. The Board of Trustees, as appointed by the Sacramento County Board of Supervisors, consists of five individuals who serve four-year terms. The District Manager coordinates and oversees the activities for the District and supervises three full-time employees and four part-time employees who work together in the public interest.

In the early years of California's statehood, cemeteries were established to provide a resting place for the deceased. Land for cemeteries was provided by the public, and by rural communities and towns throughout the State. Sylvan Cemetery is one of four public cemeteries within Sacramento County operating as an independent, non-enterprise special district under the laws and regulations of the State of California.

Financial activities at Sylvan Cemetery are supported primarily from sales of plots and burial services. Property taxes from Citrus Heights residents consist of less than 11% of the annual budget. Approximately 70% of those served by Sylvan Cemetery are not required to pay taxes to the District.

**SYLVAN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL POSITION SUMMARY

The District has designed a financial accounting system to record its financial activities, provide budgetary control and analysis and report its financial position and results of operation. A condensed summary of the District's financial statements is shown below:

Condensed Summary of Assets, Liabilities, and Fund Balance

Assets	2016	2015	Change
Current and other assets	\$ 2,807,158	\$ 2,619,764	\$ 187,394
Permanently restricted cash and investments	1,288,616	1,197,614	91,002
Capital assets, net	751,945	758,311	(6,366)
Deferred outflows	30,241	30,241	30,241
Total assets	<u>\$4,877,960</u>	<u>\$ 4,605,930</u>	<u>\$ 272,030</u>
Liabilities			
Current and other liabilities	\$ 376,486	\$ 342,955	(28,578)
Long term liabilities	863,013	842,672	20,341
Deferred inflows	94,695	94,695	-
Total liabilities	<u>1,334,194</u>	<u>1,280,322</u>	<u>(8,237)</u>
Net Position			
Invested in capital assets	751,945	758,311	(6,366)
Restricted	1,359,366	1,330,268	207,713
Unreserved net position	1,432,455	1,174,920	78,920
Total net position	<u>3,543,766</u>	<u>3,263,499</u>	<u>280,267</u>
Total liabilities and net position	<u>\$ 4,877,960</u>	<u>\$ 4,543,821</u>	<u>272,030</u>

Restricted assets for perpetual, also known as endowment, care increased due to plot sales revenue. A portion of all plot sales is allocated to endowment care which is held in a separate permanent fund called Endowment Care Fund. The endowment funds are collected at the time of the sale of the plot or at time of burial for those plots which were sold prior to the District becoming an Endowment Care Cemetery in 1979. These funds shall not be used by the District for any other purpose. The interest earned on these endowment funds may be only used by the District for the care and maintenance of the Cemetery.

The District's assets exceeded liabilities by \$ 3,546,766 at June 30, 2016, an increase of \$280,267. Cash and capital assets make up the largest part of the assets, representing 84% of assets. These assets are used by District employees to provide cemetery plots and maintenance services to the

**SYLVAN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

public. Net capital assets decreased by \$6,366 in 2016 as a result of the net effect of charges for depreciation and additions of assets.

Current assets include cash and short-term investments that are used to pay expenses and liabilities, make capital investments, and provide working capital for the District. The District receives its revenues when property taxes are paid and remitted from the county. Property taxes are due in semi-annual installments and are generally paid in January and May of each year. The District also receives revenue as burial plots are purchased by the public for immediate use. Cash received for burial plots in advance is reported as deferred revenue and is recognized as revenue in the period in which the purchased plot is used.

Prepaid burial revenue is placed in a special fund called Pre-Need Trust Accounts. Monies in this fund are for the opening/closing of the grave and the vault required at time of need. These monies are withdrawn from the Pre-Need Account Fund upon burial and placed in the Cemetery General Fund to cover expenses.

Condensed Summary of Revenues and Expenses

	2016	2015	Change
Revenues	\$ 901,468	\$ 732,280	\$ 169,188
Operating Expenses	621,201	906,072	(284,871)
Revenues over (under) expenses	\$ 280,267	\$ (173,792)	\$ 454,059

FINANCIAL OPERATION HIGHLIGHTS FOR FISCAL YEAR 2015

- Revenues increased \$39,058 which is a 6% increase over 2014.
- Operating expenses decreased \$ 60,452 which represents a 9% increase from 2014.

ANALYSIS OF SIGNIFICANT BUDGET-TO-ACTUAL VARIATIONS

	Actual	Budget	Variance
Revenues	\$ 711,656	\$ 550,000	\$ 161,656
Operating expenses	925,114	949,600	(24,486)
Net increase	\$ (213,458)	\$ (399,600)	\$ 186,142

The District prepares an annual budget and measures actual results versus budget amounts on a monthly and annual basis. The budget is prepared by management and approved by the Board of Trustees. During fiscal year 2016, actual revenues were \$711,656 versus \$550,000 budgeted revenues. Revenues were budgeted based on anticipated property tax revenues that have historically been received, estimated burial plot sales, and maintenance service sales. Sacramento County determines the assessed valuations for the property tax rolls and the amount actually received is generally different than the budgeted amount due to changes in assessments and collections that occur during the year.

SYLVAN CEMETERY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses of the District are budgeted based on historical amounts and anticipated needs and events expected to occur during the year. Expenses were under budget mainly as a result of the decreased activity in burials in 2015. Overall operating expenses were approximately 2% under total budgeted expenses. This over budget situation is accounted for by the District's use of carry over amounts from previous years.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The District is structured as a single governmental fund. Revenues are recognized when they become measurable and available. Expenses are recognized when incurred. Capital assets are capitalized and depreciated.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. The District's three Governmental Funds are as follows: General Fund, Preneed and Endowment Fund. In these funds, the District has three classifications of fund balances:

NONSPENDABLE

Nonspendable fund balances are amounts that cannot be spent because they are either:

1. Not in spendable form – These are general amounts that are not expected to be converted to cash. The District considers receivables other than interest, inventories and prepaid expenses to be nonspendable.
2. Legally required to remain intact or restricted by externally imposed restraints.

The District maintains an endowment fund for the purpose of generating income to be used for the future maintenance of the District's properties. The Endowment Fund has increased by \$177,186 from the prior fiscal year.

COMMITTED

Committed funds are amounts that can be used only for specific purposes because of a formal action by the Board of Trustees. The Board has established the following committed funds:

- Future Cemetery Maintenance – These funds represent the accumulated earnings from the Preneed and Endowment Funds. The District has committed these assets for the future maintenance (Endowment) and operations (Preneed) of the District's properties. Unlike Endowment funds, the Preneed accumulated earnings may be used at the discretion of the Board based on current needs of the District.

**SYLVAN CEMETERY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

UNASSIGNED

- Unassigned funds – funds for which no specific or immediate purpose has been determined.

DESCRIPTION OF SIGNIFICANT CAPITAL ASSET ACTIVITIES

The District prepares a capital budget each year to plan for the orderly replenishment of equipment and facilities. Capital investments are usually financed internally from operations. During fiscal year 2015, the District expended approximately \$19,000 on various equipment replacements.

DESCRIPTION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Board and staff have noticed a trend in the budgeting process which indicates that income cannot keep up with expenses. The State continues to take property taxes from Special Districts and State Law requires the District to have affordable burials for its residents. In 2010, the District presented a Cemetery Facility Impact Fee Report to the County of Sacramento in order to secure impact fees from local developers. The County of Sacramento did not approve the fees; as a result, the District service area continues to increase in population while over 70% of the population does not pay property taxes to the District. This is the result of a 1981 annexation that did not include provision for property tax sharing, thereby expanding District service responsibilities with no associated expansion of the revenue base. Sylvan Cemetery services are available to approximately 275,000 people with property taxes only coming from about 90,000 residents. As a result of this, the District continues to explore alternative sources of income for the maintenance of the District.

The District’s Board along with the Board of the Fair Oaks Cemetery District Board (FOCD) has undertaken legal action against the County of Sacramento and the Sacramento Local Agency Formation Commission (LAFCO) seeking each District’s rightful share of property tax revenues as a result of County annexations from 1981 to 2011. The result of the annexations was to increase the population that is eligible to use the services of the District’s without providing for any property tax revenues for the current and future operations. During the fall of 2012 the Court rendered a decision that will not allow the District to seek these funds based on the grounds that the Statute of Limitations had passed. Therefore, no income will be realized from this source and the district will continue charging those who do not pay the taxes the out of district rates for services.

SYLVAN CEMETERY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2010, the District began offering Other Post Retirement Benefits (OPEB). As part of the analysis offered to management, funding was allowed either on a pay as you go or to fund a trust on the actuarially determined current liability at the time of implementation. The District has elected to fund the liability on a current basis.

In July 2015, the District's Board approved development of a new pre-vault section with a planned 700 vaults. The vaults will be installed by a private contractor selected through a competitive bid process. The project will be financed through the use of reserved monies. The District anticipates that this investment will be recouped through the lower cost of labor burials in preneed sections of the cemetery, fixing the cost of vaults at 2016 levels and the larger number of available plots as a result of more efficient placement possible with pre-installed vaults. This project was completed during 2016 with beginning of sales anticipated in 2017.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 68

Governmental Accounting Standards Board Statement 68 (GASB 68) was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements, determined in conformity with either paragraph 48 or paragraph 49 of GASB 68.

Changes to the financial statements commencing in fiscal year 2014/15:

- Deferred Outflows of Resources (statement of net position, Note 7)
- Deferred Inflows of Resources (statement of net position, Note 7)
- Net Position/Statement of Net Position reflects Deferred Inflows/Deferred Outflows
- FY14/15 – Statement of Activities – Prior period adjustment (Note 8– Implementation of net position liability)
- Balance Sheet to the Statement of Net Position (Deferred Inflows of Resources, Net Pension Liability)

**SYLVAN CEMETERY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The amount estimated as a liability is based on detailed actuarial assumptions; the one assumption that is most subject to judgment and therefore is controversial is the discount rate. The discount rate is similar to the rate of return on investments which the State currently estimates at 7.5%. In 2014 the State earned less than 3% on its investments, however over the past 10 years the plan has earned approximately 6.2%. The State’s Actuaries estimate that if the discount rate is decreased by 1% the District’s liability will increase by approximately \$200,000.

CalPERS reported the following net rates of return for various periods:

Fiscal year to date ended	June 30, 2015	2.4%
3 years for period ended	June 30, 2015	10.9%
5 years for period ended	June 30, 2015	10.7%
10 years for period ended	June 30, 2015	6.2%
20 years for period ended	June 30, 2015	7.8%

USING THIS AUDIT REPORT

This annual financial report consists of two parts – management’s discussion and analysis (this section), and the basic financial statements. The financial statements also include Notes to the Financial Statements that further explain some of the information in the financial statement and provide additional data regarding the District’s operations.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s Manager at 7484 Kanai Avenue, Citrus Heights, California 95621.

**SYLVAN CEMETERY DISTRICT
STATEMENT OF NET POSITION**

June 30, 2016

ASSETS

Cash and investments	\$ 2,266,916
Accounts receivable	26,009
Inventories	495,511
Capital assets, net of accumulated depreciation	751,945
Permently restricted cash and investments	1,288,616
Deferred outflows of resources	32,470
	<hr/>
TOTAL ASSETS	<u>\$ 4,861,467</u>

LIABILITIES

Accounts payable	51,470
Interest payable	6,956
Accrued liability	9,684
Preneed deposit liability	719,438
Compensated absences	7,296
Net pension liability	337,128
Post-employment benefit liability	136,279
	<hr/>
TOTAL LIABILITIES	<u>1,268,251</u>

Deferred inflows of resources	49,450
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NET POSITION

Invested in capital assets, net of related debt	751,945
Restricted for:	
Endowment care	1,359,366
Designated for future cemetery maintenance	1,432,455
	<hr/>
NET POSITION	<u>\$ 3,543,766</u>

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

REVENUES

Charges for services	\$ 765,287
Property taxes	84,519
Intvestment loss	51,662
	901,468
Total revenues	901,468

EXPENDITURES

Salaries and wages	249,542
Employee benefits	127,354
Commodities	91,612
Repairs and maintenance	40,858
Advertising	4,120
Utilities	16,103
Professional services	14,907
Insurance - liability	9,187
County administrative expense	1,179
Office supplies and expense	8,809
Other operating expense	8,521
Depreciation expense	47,111
	621,201
Total expenditures	621,201
Net change in net position	280,267
Net Position - June 30, 2015	3,263,499
Net Position - June 30, 2014	\$ 3,543,766

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2015

	<u>General Fund</u>	<u>Pre Need</u>	<u>Endowment</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 531,202	\$ 898,033	\$ 837,681	\$ 2,266,916
Cash and investments, permently restricted	-	-	1,288,616	1,288,616
Accounts receivable	26,009	-	-	32,965
Due from other funds	-	19,601	7,767	27,368
Inventories	10,617	-	-	10,617
	<u>567,828</u>	<u>917,634</u>	<u>2,134,064</u>	<u>3,626,482</u>
Total Assets	<u>\$ 567,828</u>	<u>\$ 917,634</u>	<u>\$ 2,134,064</u>	<u>\$ 3,626,482</u>
LIABILITIES				
Accounts payable	\$ 51,470	\$ -	\$ -	51,470
Interest payable	-	-	-	-
Accrued liability	9,684	6,956	-	16,640
Due to other funds	27,368	-	-	27,368
Preneed deposit liability	-	719,438	-	719,438
	<u>88,522</u>	<u>726,394</u>	<u>-</u>	<u>814,916</u>
Total Liabilities	<u>88,522</u>	<u>726,394</u>	<u>-</u>	<u>814,916</u>
FUND BALANCES				
Fund Balances				
Committed maintenance and operations	-	191,240	-	191,240
Non spendable	10,617	-	-	10,617
Permently restricted	-	-	1,359,366	1,359,366
Spendable	-	-	-	-
Restricted for future cemetery maintenance	471,429	-	774,698	1,246,127
Unrestricted	-	-	-	-
	<u>482,046</u>	<u>191,240</u>	<u>2,134,064</u>	<u>2,807,350</u>
Total Fund Balances	<u>482,046</u>	<u>191,240</u>	<u>2,134,064</u>	<u>2,807,350</u>
Total Liabilities and Fund Balances	<u>\$ 570,568</u>	<u>\$ 917,634</u>	<u>\$ 2,134,064</u>	<u>\$ 3,622,266</u>

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
As of June 30, 2014

Fund Balances of Governmental Funds	\$ 2,807,350
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds	751,945
Noncurrent portions of the inventory do not require current resources and are therefore excluded from governmental funds	484,894
Net pension liability	(337,128)
Post-employment benefit liability	(136,279)
Deferred outflows of resources	32,470
Deferred inflows of resources	(49,450)
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(10,036)</u>
Net position of governmental activities	<u><u>\$ 3,543,766</u></u>

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Pre Need</u>	<u>Endowment Fund</u>	<u>Total</u>
REVENUES				
Plot sales	\$ 342,799	\$ -	\$ -	\$ 342,799
Property taxes	84,519	-	-	84,519
Interest and investment income (loss)	2,749	12,625	36,288	51,662
Endowment care	-	-	140,898	140,898
Cemetery services	156,466	-	-	156,466
Vaults and markers	125,124	-	-	125,124
Donations	-	-	-	-
	<u>711,657</u>	<u>12,625</u>	<u>177,186</u>	<u>901,468</u>
EXPENDITURES				
Salaries and wages	245,598	-	-	245,598
Employee benefits	153,032	-	-	153,032
Insurance expense	9,187	-	-	9,187
Maintenance	40,858	-	-	40,858
Advertising	4,120	-	-	4,120
Office expense	8,809	-	-	8,809
Utilities	16,103	-	-	16,103
Professional services	14,907	-	-	14,907
County administrative expense	1,179	-	-	1,179
Cost of product sold	379,695	-	-	379,695
Other operating expense	8,521	-	-	8,521
Capital outlay	42,643	-	-	42,643
Debt service	462	-	-	462
Interest expense	-	-	-	-
	<u>925,114</u>	<u>-</u>	<u>-</u>	<u>925,114</u>
Net changes in Fund Balances	<u>(213,457)</u>	<u>12,625</u>	<u>177,186</u>	<u>(23,646)</u>
Fund Balances July 1, 2015	<u>695,503</u>	<u>178,615</u>	<u>1,956,878</u>	<u>2,830,996</u>
Fund Balances - June 30, 2016	<u>\$ 482,046</u>	<u>\$ 191,240</u>	<u>\$ 2,134,064</u>	<u>\$ 2,807,350</u>

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (23,646)
<p>Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Depreciation expense	(47,111)
Capital assets	(42,643)
Repayments of long-term debt and capital leases are reported as an expense in the fund financial statements but as a reduction of debt in the statement of net position	462
Change in post-employment benefit liability	(26,703)
Inventory of pre-placed vaults is reported as an assets on the government wide statememnts when the items are purchased and installed but as an expense when sold.	419,908
Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	_____
Change in net position of governmental activities	<u><u>\$ 280,267</u></u>

The accompanying notes are an integral part of these financial statements

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Sylvan Cemetery District (the District) was organized in 1926, under Health and Safety Code Section 8890. The District operates and maintains an 18 acre cemetery with related support facilities. The District is governed by a five member Board of Trustees appointed by the County Board of Supervisors.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all activities of the primary government. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statements of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District uses governmental fund types and maintains separate general, restricted and permanent funds.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The “measurement focus” of a Governmental Fund is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District has three governmental funds all of which are considered major funds as follows:

General Fund – the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Pre-Need Trust Fund – This is an expendable restricted fund used to account for prepayments for vaults and opening and closing fees. The principal amount must remain intact until services are rendered. At that time, funds are transferred to the General Fund and recognized as current period revenue. Earnings may be expended without restriction. The District transfers amounts to the General Fund upon use at the rates at time of payment.

Endowment Care Trust Fund – This is a permanent fund used to account for the collection used for the perpetual care of the facility. A fee is charged for each burial right sold by the District. The principal amounts must remain intact, but earnings of the trust fund may be expended for the endowment care of the burial plots. None of the earnings were expended during the current year ending June 30, 2014.

Basis of Accounting

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the standard-setting body for governmental accounting and financial reporting.

The modified accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Those revenues susceptible to accrual are taxes, interest revenue, and charges for services. Revenues consist mainly of taxes, which are calculated by Sacramento County. Tax levies are levied on January 1 of each year and are generally due in two installments in April and December of each year. All taxes are collected and administered by the County of Sacramento with the net collections deposited into the Districts account as collected.

Capital Assets

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated fixed assets are valued at their estimated fair market value on the date received. Depreciation is computed for financial statement purposes using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Buildings and improvements	5 to 20 years
Vehicles, furniture and equipment	5 to 10 years

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The District's full time employees are granted vacation in varying amounts based on length of service. Generally, earned vacation may be accumulated up to a maximum of 160 hours by all full time personnel. Accumulated vacation pay is carried over for a period of one year at which time it is paid in full. District employees do not receive compensation for accumulated sick leave upon termination of employment; however, accrued but unused sick leave at the time of termination shall be allowed counted as service time for purposes of computing retirement benefits. Accordingly, no sick leave has been accrued.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgets and Budgetary Accounting

The Board of Trustees adopts a final budget no later than August 31 of each year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations. The Board of Trustees may amend the budget by resolution during the fiscal year or make transfers from one object or purpose to another within the same budget unit. The original budget is presented in the financial statements. Appropriations lapse at the end of each fiscal year.

A budget is adopted for the General Fund on a basis which materially conforms to accounting principles generally accepted in the United States of America.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fund Balance Classifications

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e. fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

Inventory

The District maintains an inventory of various urns, vaults and marker pads. In addition, there are approximately 2 acres of the cemetery that have been pre-vaulted with single and companion vaults. The cost of the vaults and installation has been included as inventory in the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 63

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently the statement of net assets to the statement of net position.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred outflows of resources the District has recognized.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred inflows of resources.

New Accounting Pronouncements

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

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 2: CASH AND INVESTMENTS

The District holds cash within the Sacramento County Treasurer’s cash and investment pool. Sacramento County maintains a cash and investment pool and allocates to the various funds based upon the average monthly cash balances. Information regarding categorization of investments can be found in the Comprehensive Annual Financial Report of Sacramento County.

Non-pooled investments are held at Morgan Stanley and invested under a policy approved by the District’s Board.

Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations.

Generally, the District’s investing activities are managed under the direction of the Board of Trustees. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with applicable provisions of the California Government Code and the California Health & Safety Code specific to the investment of the District’s funds.

SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

The District's pooled and non-pooled deposits are:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Pooled Deposits:			
County of Sacramento			
Department of Finance	835,532	-	\$ 835,532
Non-Pooled Deposits:			
Certificates of deposit	-	-	-
US Government	26,640	-	26,640
Money market funds	606,824	-	606,824
Mutual funds	229,923	1,288,616	1,518,539
Cash in bank	567,997	-	567,997
	<u>2,266,916</u>	<u>1,288,616</u>	<u>\$ 3,555,532</u>
Total governmental deposits	<u>2,266,916</u>	<u>1,288,616</u>	<u>\$ 3,555,532</u>

NOTE 3: INVENTORY

The District maintains an inventory of vaults, urns, liners and marker pads. In addition, the District has pre-vaulted approximately 2 acres with single and companion vaults. Inventory is valued at lower of cost or market at the end of each year. Inventory consists of the following at June 30, 2016:

	<u>Units</u>	<u>Current</u>	<u>Non Current</u>	<u>Total Inventory</u>
Urn, vaults and marker pads		\$ 10,617	\$ -	\$ 10,617
Preinstalled single vaults	801	-	307,679	307,679
Preinstalled companion vaults	314	-	177,215	177,215
		<u>\$ 10,617</u>	<u>\$ 484,894</u>	<u>\$ 495,511</u>

NOTE 4: CAPITAL ASSETS

The District's capital asset balances changed during the year as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions & Adjustments</u>	<u>June 30, 2014</u>
Land	\$ 120,727	\$ -	\$ -	\$ 120,727
Buildings	267,521	-	-	267,521
Real property and improvements	807,516	40,745	-	848,261
Equipment	243,162	-	-	243,162
Total depreciated capital assets	1,318,199	40,745	-	1,358,944
Less accumulated depreciation	(680,615)	(47,111)	-	(727,726)
Capital assets, net	<u>\$ 758,311</u>	<u>\$ (27,370)</u>	<u>\$ -</u>	<u>\$ 751,945</u>

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 4: CAPITAL ASSETS - (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense, included in cemetery services, was \$47,111 for the year ended June 30, 2016.

NOTE 5: GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2014:

	Balance June 30, 2015	Additions	Retirement	Balance June 30, 2016
Compensated absences	\$ 3,352	\$ 3,944	\$ -	\$ 7,296
Totals	\$ 3,352	\$ 3,944	\$ -	\$ 7,296

NOTE 6: EMPLOYEES RETIREMENT PLAN

Plan Description

The Miscellaneous 2% at 60 Risk Pool is a cost-sharing multiple-employer defined benefit plan. It provides disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Pool is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

State statutes within the Public Employees' Retirement System establish menus of benefit provisions, as well as other requirements. The District Selects optional benefits provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from their Executive Office - 400 P Street, Sacramento, CA 95814.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

Funding Policy

Active employees in the Miscellaneous Pool are required to contribute 7.00% of their annual covered salary. The District currently pays the employees' required contribution as part of an employee benefit program. The District is required to contribute the actuarially determined amount to fund the employer portion of benefits for its employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution rate for the employer portion for fiscal 2014 was 9.547%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The District adopted and approved by resolution a new policy as of April 8, 2008. The benefit shall consist of paying 100% of the normal member contributions (EM PC) for all employees hired on or before June 1, 2007. All employees who qualify and were hired after June 1, 2007, shall pay 7.00% of their annual salary as a required contribution.

At June 30, 2015, the District reported a liability of \$315,332 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$24,036 in its government-wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013.

The long-term expected rate of return on pension plan investments (7.5%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (Expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 540,056	\$ 315,332	\$ 128,833

Detailed information about the pension fund's fiduciary net position is available in the separately issued CALPERS comprehensive annual financial report which may be obtained by contacting PERS.

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63 (defined in footnote No. 1), the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions of \$315,332.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The total at year-end was \$30,241.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$30,241 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2016.

**SYLVAN CEMETERY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 JUNE 30, 2016**

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2015	\$ 24,494
2016	24,464
2017	22,705
2018	23,032
Total	\$ 94,695

NOTE 8: PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded in the Government-Wide financial statements of \$269,391 to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to net pension liability as a result of implementation of GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27.

NOTE 9: INTERFUND TRANSFERS

At the time of burial, money that has been previously received from a customer (Pre-Need) for burial expenses, is recognized as revenue and transferred from the Pre-Need fund to the general fund in order to cover the prior agreed upon burial costs. The amount that the District recognized as Pre-Need revenue and transferred to the general fund was \$35,050 for year ended June 30, 2015.

**SYLVAN CEMETERY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 JUNE 30, 2016**

NOTE 10: POST-RETIREMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with PERS and have completed a minimum of 5 years of employment with the District.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2012, the District contributed only for pay-as-you-go in the amount of \$5,688.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 30,982
Contributions made	<u>(4,184)</u>
Increase in net OPEB obligation	26,798
Net OPEB obligation – beginning of year	<u>108,568</u>
Net OPEB obligation – end of year	<u><u>\$ 136,279</u></u>

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

NOTE 10: POST-RETIREMENT BENEFITS - (Continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 28,890	11.12%	\$ 25,678
June 30, 2012	\$ 26,433	23.43%	\$ 20,233
June 30, 2011	\$ 24,687	24.96%	\$ 18,524

Funded Status and Funding Process

The District is funding their plan on a pay-as-you go basis. Therefore, there have been no additions to the assets for future post-retirement medical benefits.

In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.50 percent discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 7.5 percent initially, gradually decreasing to 5.5%. An inflation rate of 3.5% was used. The remaining amortization period at June 30, 2016, was twenty five years.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated activity through January 10, 2016, the date that the financial statements were available for issue. No events have occurred which would require disclosure in or adjustment to the financial statements as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SYLVAN CEMETERY DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Charges for services	\$ 480,000	\$ 480,000	\$ 624,388	\$ 144,388
Property taxes	70,000	70,000	84,519	14,519
Interest income	-	-	2,749	2,749
	<u>550,000</u>	<u>550,000</u>	<u>711,656</u>	<u>161,656</u>
EXPENDITURES				
Salaries and wages	255,000	255,000	245,598	9,402
Employee benefits	156,200	156,200	153,032	3,168
Commodities	210,000	210,000	379,695	(169,695)
Repairs and maintenance	39,500	39,500	40,858	(1,358)
Advertising	6,000	6,000	4,120	1,880
Utilities	22,500	22,500	16,103	6,397
Professional services	16,000	16,000	14,907	1,093
Insurance - liability	9,200	9,200	9,187	13
County administrative expense	1,200	1,200	1,179	21
Office supplies and expense	9,000	9,000	8,809	191
Other operating expense	10,000	10,000	8,521	1,479
Capital outlay	215,000	215,000	42,643	172,357
Transfers, net	-	-	-	-
Debt service	-	-	462	(462)
	<u>949,600</u>	<u>949,600</u>	<u>925,114</u>	<u>24,486</u>
Total expenditures	<u>949,600</u>	<u>949,600</u>	<u>925,114</u>	<u>24,486</u>
Net changes in fund balances	<u>\$ (399,600)</u>	<u>\$ (399,600)</u>	<u>(213,457)</u>	<u>\$ 137,170</u>
Fund balances - July 1, 2013			<u>695,503</u>	
Fund balances - June 30, 2014			<u>\$ 482,046</u>	

The accompanying notes are an integral part of these financial statements

**SYLVAN CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – OPEB
FOR THE YEAR ENDED
JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Amortization Period	Annual Amortization of Unfunded Liability
6/30/11	\$ 0	353,811	372,069	0%	29 years	\$ 14,016
6/30/12				0%	28 years	\$ 15,212
6/30/13	\$ 0	\$ 415,067	\$ 415,067	0%	27 years	\$ 17,537
6/30/14	\$ 0	\$ 439,873	\$ 439,873	0%	26 years	\$ 19,233

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.
2. In the future, information from the three most recent valuations will be presented.

**SYLVAN CEMETERY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED
JUNE 30, 2016**

Sylvan Cemetery District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*:

	FY 2014
District’s proportion of the net pension liability	.00507%
District’s proportionate share of the net pension liability	\$ 315,332
District’s covered employee payroll	244,597
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.92%
Plan Fiduciary net position as a percentage of the total pension liability	81.38%

*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years*:

	FY 2014
Actuarially determined contribution	\$ 21,724
Total actual contributions	(21,724)
Contribution deficiency (excess)	\$ -
 District’s covered-employee payroll	 244,597
Contributions as a percentage of covered employee payroll	8.88%