

**SYLVAN CEMETERY DISTRICT**

**Annual Financial Report**  
**With**  
**Independent Auditor's Report Thereon**

**June 30, 2020**

**SYLVAN CEMETERY DISTRICT**  
Annual Financial Report  
June 30, 2020

CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis.....	3-9
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities .....	11
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities.....	15
Notes to Basic Financial Statements.....	16-29
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	30
Notes to Required Supplementary Information – OPEB .....	31
Notes to Required Supplementary Information – PENSION .....	32

**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 (the District), as of and for the year ended June 30, 2020, 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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District, as of June 30, 2020, and the respective changes in financial position 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



Sacramento, California  
March 9, 2021

## **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, 2020.

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 18% 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	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 2,748,424	\$ 2,517,872	\$ 230,552
Permanently restricted	2,419,444	2,336,609	82,835
Capital assets, net	717,788	706,112	11,676
Deferred outflows	<u>352,456</u>	<u>306,124</u>	<u>46,332</u>
Total assets	<u><u>\$ 6,238,112</u></u>	<u><u>\$ 5,866,717</u></u>	<u><u>\$ 371,395</u></u>
	-		
Liabilities			
Current and other liabilities	\$ 502,078	\$ 450,521	\$ 51,557
Long term liabilities	2,540,158	1,786,678	753,480
Deferred inflows	<u>238,308</u>	<u>296,112</u>	<u>(57,804)</u>
Total liabilities	<u><u>\$ 3,280,543</u></u>	<u><u>\$ 2,533,311</u></u>	<u><u>\$ 747,232</u></u>
Net Assets			
Invested in capital assets	717,788	706,112	11,676
Restricted	2,419,444	2,336,609	82,835
Unreserved net assets	<u>(179,663)</u>	<u>290,685</u>	<u>(470,348)</u>
Total net assets	<u><u>2,957,569</u></u>	<u><u>3,333,406</u></u>	<u><u>(375,837)</u></u>
Total liabilities and net assets	<u><u>\$ 6,238,112</u></u>	<u><u>\$ 5,866,717</u></u>	<u><u>\$ 371,395</u></u>

Restricted assets for perpetual care, also known as endowment, increased due to plot sales revenue. All plot sales are subject to an endowment care fee 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.

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

The District’s assets exceeded liabilities by \$ 2,957,569 at June 30, 2020, a decrease of \$375,837. The decrease was primarily the result of the current year impact of OPEB and Pension calculations. Cash and capital assets make up the largest part of the assets, representing 83% of assets. These assets are used by District employees to provide cemetery plots and maintenance services to the public. Net capital assets increased by \$11,676 in 2020 as a result of the net effect of charges for depreciation and addition 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 property tax revenues following collection by 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

	2020	2019	Change
Revenues	\$ 1,069,962	\$ 1,142,067	\$ (72,105)
Operating Expenses	1,445,799	746,789	699,010
Revenues over (under) expenses	\$ (375,837)	\$ 395,278	\$ (771,115)

**FINANCIAL OPERATION HIGHLIGHTS FOR FISCAL YEAR 2020**

- Revenues decreased \$72,105 which is a 6% decrease from 2019.
- Operating expenses increased \$699,010 which represents a 93% increase from 2019, almost entirely as a result of the impact of GASB 68 and GASB 75.

**ANALYSIS OF SIGNIFICANT GENERAL FUND BUDGET-TO-ACTUAL VARIATIONS**

	Actual	Budget	Variance
Revenues	\$ 846,614	\$ 638,500	\$ 208,114
Operating expenses	762,286	824,700	(62,414)
Net increase	\$ 84,328	\$ (186,200)	\$ 270,528

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

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 2020, actual revenues were \$846,614 versus \$638,500 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.

Operating expenses of the District are budgeted based on historical amounts and anticipated needs and events expected to occur during the year. Expenses, exclusive of pension and OPEB, were under budget mainly as a result of the expense control in 2020. Overall operating expenses were approximately 8% under total budgeted expenses.

### **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, Pre-need 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 \$174,046 from the prior fiscal year. The Endowment enjoyed a net investment income of for the fiscal year \$94,361 and collected an additional \$79,685 of principal from plot sales.

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

**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.

**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 2020, the District expended approximately \$80,301 on various equipment replacements.

**DESCRIPTION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The Board and staff have noticed a trend in the budgeting process that 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 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 and has segregated funds into the OPEB Fund.

In July 2015, the District's Board approved development of a new pre-vault section with a planned 700 vaults. The vaults were installed by a private contractor selected through a competitive bid process. The project was financed through the use of reserve monies in anticipation that the investment will be recouped through the lower cost of labor for 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 in 2017.

Sales began in 2017 of the newest pre-vault sections noted above. The District is in the process of improving a section in the older part of the Cemetery, which would allow for approximately 400 plots and a much-requested monument section.

The District has been in contact with the City of Citrus Heights about the possibility of purchasing property adjacent to the Cemetery grounds that was part of the old Sylvan School campus on Auburn Boulevard. At this time, no commitments have been secured, the Board of Trustees will continue to pursue this property to meet their mission of providing affordable burial options to the citizens of the District.

### **GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 75**

Governmental Accounting Standards Board Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) was issued by GASB in June 2015, requiring public employers to comply with new accounting and financial reporting standards. Statement 75 outlines a different approach to the recognition and calculation of Postemployment Benefits Other Than Pensions obligations. Under the new GASB standards, employers that participate in a defined benefit not administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, deferred outflows and deferred inflows of resources related to pensions in their financial statements as part of their financial position.

### **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.

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

**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, 2020**

**ASSETS**

Cash and investments	\$ 2,487,886
Interest receivable	
Accounts receivable	26,436
Inventories	234,102
Capital assets, net of accumulated depreciation	717,788
Permanently restricted cash and investments	2,419,444
Total assets	<u>5,885,656</u>
Deferred outflows of resources	352,456

**LIABILITIES**

Accounts payable	11,604
Accrued salaries and wages payable	6,272
Pre-need deposit liability	820,502
Compensated absences	2,745
Net pension liability	484,202
Post-employment benefit liability	<u>1,716,911</u>
TOTAL LIABILITIES	<u>3,042,235</u>
Deferred inflows of resources	238,308

**NET POSITION**

Invested in capital assets, net of related debt	717,788
Restricted for:	
Endowment care	2,419,444
Designated for future cemetery maintenance	<u>(179,663)</u>
NET POSITION	<u><u>\$ 2,957,569</u></u>

The accompanying notes are an integral part of these financial statements

**SYLVAN CEMETERY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended**  
**June 30, 2020**

**REVENUES**

Charges for services	\$ 804,814
Property taxes	104,955
Investment income	160,193
	1,069,962
Total revenues	1,069,962

**EXPENDITURES**

Salaries and wages	276,392
Employee benefits	858,901
Commodities	127,776
Repairs and maintenance	30,539
Fuel	4,364
Advertising	3,426
Utilities	24,311
Professional services	13,915
Insurance - liability	10,577
County administrative expense	1,234
Office supplies and expense	10,416
Small equipment, tools and repairs	5,258
Other operating expense	17,324
Depreciation expense	61,366
Interest expense	-
	-
Total expenditures	1,445,799
Net change in net position	(375,837)
Net Position - June 30, 2019	3,333,406
Net Position - June 30, 2020	\$ 2,957,569

The accompanying notes are an integral part of these financial statements

**SYLVAN CEMETERY DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**June 30, 2020**

	<u>General Fund</u>	<u>Pre-Need</u>	<u>OPEB</u>	<u>Endowment</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,030,934	\$ 1,097,778	\$ 261,973	\$ 97,200	\$ 2,487,886
Cash and investments, permanently restricted	-	-	-	2,419,444	2,419,444
Interest receivable	26,009	-	427	-	26,436
Due from other funds	-	34,864	-	-	34,864
Inventories	11,419	-	-	-	11,419
	<u>1,068,362</u>	<u>1,132,642</u>	<u>262,400</u>	<u>2,516,644</u>	<u>4,980,049</u>
Total Assets	<u>\$ 1,068,362</u>	<u>\$ 1,132,642</u>	<u>\$ 262,400</u>	<u>\$ 2,516,644</u>	<u>\$ 4,980,049</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,604	\$ -	\$ -	\$ -	\$ 11,604
Accrued payroll	6,272	-	-	-	6,272
Compensated absences	1,157	-	-	-	1,157
Due to other funds	34,864	-	-	-	34,864
Preneed deposit liability	-	820,502	-	-	820,502
	<u>53,897</u>	<u>820,502</u>	<u>-</u>	<u>-</u>	<u>874,398</u>
Total Liabilities	<u>53,897</u>	<u>820,502</u>	<u>-</u>	<u>-</u>	<u>874,398</u>
<b>FUND BALANCES</b>					
Fund Balances					
Non spendable	11,419	-	-	-	11,419
Permanently restricted	-	-	-	2,419,444	2,419,444
Restricted for OPEB	-	-	262,400	-	262,400
Restricted for future cemetery maintenance	-	-	-	97,200	97,200
Unrestricted	1,003,047	312,141	-	-	1,315,187
	<u>1,014,466</u>	<u>312,141</u>	<u>262,400</u>	<u>2,516,644</u>	<u>4,105,651</u>
Total Fund Balances	<u>1,014,466</u>	<u>312,141</u>	<u>262,400</u>	<u>2,516,644</u>	<u>4,105,651</u>
Total Liabilities and Fund Balances	<u>\$ 1,068,362</u>	<u>\$ 1,132,642</u>	<u>\$ 262,400</u>	<u>\$ 2,516,644</u>	<u>\$ 4,980,049</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**  
**June 30, 2020**

Fund Balances of Governmental Funds	\$ 4,105,651
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	717,788
Noncurrent portions of the inventory do not require current resources and are therefore excluded from governmental funds	222,683
Net pension liability	(484,202)
Post-employment benefit liability	(1,716,911)
Deferred outflows of resources	352,456
Deferred inflows of resources	(238,308)
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>(1,588)</u>
Net position of governmental activities	<u><u>\$ 2,957,569</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, 2020**

	General Fund	Pre-Need	OPEB Fund	Endowment Fund	Total
<b>Governmental Activities</b>					
Revenues					
Plot sales	\$ 414,241	\$ -	\$ -	\$ -	\$ 414,241
Endowment care	-	-	-	79,685	79,685
Cemetery services	183,440	-	-	-	183,440
Vaults and markers	127,447	-	-	-	127,447
Donations	-	-	-	-	-
Total governmental activities revenues	<u>725,129</u>	<u>-</u>	<u>-</u>	<u>79,685</u>	<u>804,814</u>
Expenditures					
Salaries and wages	276,392	-	-	-	276,392
Employee benefits	212,155	-	-	-	212,155
Insurance expense	10,577	-	-	-	10,577
Maintenance	28,539	-	-	-	28,539
Fuel	4,364	-	-	-	4,364
Advertising	3,426	-	-	-	3,426
Office expense	10,416	-	-	-	10,416
Utilities	24,311	-	-	-	24,311
Professional services	13,915	-	-	-	13,915
County administrative expense	1,234	-	-	-	1,234
Cost of product sold	54,333	-	-	-	54,333
Other operating expense	17,324	-	-	-	17,324
Capital outlay	80,301	-	-	-	80,301
Total governmental activities expenditures	<u>737,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,286</u>
Net governmental activities	(12,158)	-	-	79,685	67,527
<b>General Revenues</b>					
Property taxes	104,955	-	-	-	104,955
Interest and investment income	16,531	44,839	4,462	94,361	160,193
Total general revenues	<u>121,485</u>	<u>44,839</u>	<u>4,462</u>	<u>94,361</u>	<u>265,148</u>
Interfund Transfers					
Transfers out	(25,000)	-	-	-	(25,000)
Transfers in	-	-	25,000	-	25,000
Net transfers	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Net changes in Fund Balances	84,328	44,839	29,462	174,046	332,676
Fund Balances - July 1, 2019	930,138	267,301	232,938	2,342,598	3,772,975
Fund Balances - June 30, 2020	<u>\$ 1,014,466</u>	<u>\$ 312,141</u>	<u>\$ 262,400</u>	<u>\$ 2,516,644</u>	<u>\$ 4,105,651</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, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ 332,676
<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	(61,366)
Capital outlay	80,301
Change in post-employment benefit liability	(60,962)
Change in pension benefit liability	(12,907)
Inventory of pre-placed vaults is reported as an assets on the government wide statements when the items are purchased and installed but as an expense when sold.	34,676
	_____
Change in net position of governmental activities	\$ 312,417

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, 2019**

**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, 2019**

**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, 2018.

OPEB Fund– This is a Board restricted fund used to accumulate funding for the payment of postemployment benefits other than pensions. Should the District elect at a future date to participate in an approved OPEB trust, these funds would be transferred to an approved trust fund.

**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

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

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

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.

Those revenues susceptible to accrual are taxes, interest revenue, and charges for services. Revenues consist mainly of taxes, which are calculated by Sacramento County and service fees. 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. Service fees are charged for burials and other cemetery services and collected by the District.

**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, 2019**

**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, 2019**

**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 represents 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, 2019**

**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.

**GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**

During the fiscal year ended June 30, 2018, the District adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement requires the Agency recognize in its financial statements the total OPEB liability for the health benefits provided to retirees, less the amounts held in an irrevocable trust account. As a result of the implementation of this Statement, the District retroactively increased their liabilities by \$829,954 and decreased total net position by \$803,083 which was recorded as of July 1, 2017 through a prior period adjustment.

**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 Encore Wealth Management 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, 2019**

**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	\$1,432,422	\$216,745	\$1,649,167
Non-Pooled Deposits:			
Mutual funds	886,994	2,297,006	3,184,001
Cash in bank	74,162	-	74,162
Total governmental deposits	<u>\$2,393,579</u>	<u>\$2,419,444</u>	<u>\$4,907,330</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, 2020:

	<u>Units</u>	<u>Current</u>	<u>Non Current</u>	<u>Total</u>
Urn, vaults and marker pads		\$ 11,419	\$ -	\$ 11,419
Pre-installed single vaults	458	-	137,130	137,130
Pre-installed companion vaults	206	-	85,554	85,554
		<u>\$ 11,419</u>	<u>\$ 222,683</u>	<u>\$234,102</u>

**NOTE 4: CAPITAL ASSETS**

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

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications and Adjustments</u>	<u>June 30, 2020</u>
Land	\$ 120,727	\$ -	\$ -	\$ -	\$ 120,727
Buildings	290,685	-	-	-	290,685
Real property and improvements	857,951	3,478	-	-	861,429
Equipment	330,504	4,574	-	-	335,078
Total depreciated capital assets	1,479,140	8,052	-	-	1,487,192
Less accumulated depreciation	(893,755)	(61,366)	-	-	(955,121)
Net depreciating assets	585,385	(53,314)	-	-	532,071
Capital assets, net	<u>\$ 706,112</u>	<u>\$ (53,314)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 652,798</u>

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**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 \$61,366 for the year ended June 30, 2020.

**NOTE 5: GENERAL LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Retirement	Balance June 30, 2020
Compensated absences	\$ 1,588	\$ 1,157	\$ -	\$ 2,745
Net pension liability	438,156	46,046		484,202
Net OPEB liability	1,012,075	704,836		1,716,911
Total	\$ 1,451,819	\$ 752,039	\$ -	\$ 2,203,858

**NOTE 6: EMPLOYEES RETIREMENT PLAN**

Plan Description

The Miscellaneous 2% at 60 Risk Pool and the PEPRA compliant 2% at 62 are part of 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, 2019**

**NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)**

**Funding Policy**

Active employees in the Miscellaneous Pool are required to contribute 7.00% and PEPRAs employees 6.75% 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 2018 was 9.547% and 13.735% for PEPRAs. 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, employees hired post June 1, 2007 are covered under the PEPRAs provisions.

At June 30, 2020, the District reported a liability of \$484,202 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, 2019 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, 2020, the District recognized pension expense of \$101,535 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, 2019 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.

	<u>Regular Plan</u>	<u>PEPRA</u>
Discount Rate/Rate of Return	7.5%, net of investment expense	7.5%, net of investment expense
Inflation Rate	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service
COLA Increases	up to 2%	up to 2%
Post-Retirement Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 7.15%. 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, 2019**

**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 (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$ 730,850	\$ 438,156	\$ 196,542

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 CalPERS.

**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 the following items reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources

Deferred outflows - pensions	\$ 140,077
Deferred outflows - OPEB	<u>212,379</u>
	<u>\$ 352,456</u>

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 the following amounts that are captured as a deferred inflow of resources.

Deferred inflows - pensions	\$ 43,379
Deferred inflows - OPEB	<u>194,929</u>
	<u>\$ 238,308</u>

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

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

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.

\$63,584 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, 2019.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (27,739)
2020	37,166
2021	23,735
2022	(11,038)
2023	-
Total	<u>\$ 22,124</u>

**NOTE 8: 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 \$31,645 for year ended June 30, 2020.

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**NOTE 9: 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.

*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:

Service cost	\$ 29,206
Interest	29,378
Change in benefit terms	-
Difference between expected and actual experience	26,162
Change in assumptions	(145,708)
Administrative costs	(43,678)
Benefit payments, including refunds	43,672
	<u>60,962</u>
Beginning years balance as restated	<u>1,073,037</u>
End of year balance	<u>\$ 1,012,075</u>

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 OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
District's net OPEB plan liability	<u>\$ 1,065,717</u>	<u>\$ 918,673</u>	<u>\$ 799,862</u>

**SYLVAN CEMETERY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**NOTE 9: POST-RETIREMENT BENEFITS - (Continued)**

*Funded Status and Funding Process*

The District is funding their plan on a pay-as-you go basis. Since 2017, the District has placed \$200,000 into the OPEB Fund for the purpose of funding this liability in the future.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 5,154
2020	5,154
2021	5,154
2022	5154
2023	5,154
Thereafter	<u>1,101</u>
Total	<u><u>\$ 26,871</u></u>

In the July 1, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 2.58% 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% initially, gradually decreasing to 5.5%. An inflation rate of 3.5% was used. The remaining amortization period at June 30, 2018, was twenty-five years.

**NOTE 10: COVID 19 CONSIDERATIONS**

In January 2020, the virus SARS -CoC-2 was transmitted to the United States from overseas sources, this virus, responsible for the Coronavirus disease COVID-19 has provided to be extremely virulent with transmission rates as yet unknown. During the current fiscal year, the impact on the District was primality limited to additional expenses related to the purchase of personal protective supplies, sanitizer, signage and spacing of services. The economic impact in the State of California and County of Sacramento as yet has not been determined and therefore any potential impact on the District is not yet known.

**NOTE 10: SUBSEQUENT EVENTS**

Management has evaluated activity through March 9, 2021, 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, 2020.

**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, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Plot sales	\$ 540,000	\$ 540,000	\$ 414,241	\$ (125,759)
Cemetery services	-	-	183,440	183,440
Vaults and markers	-	-	127,447	127,447
Property taxes	90,500	90,500	104,955	14,455
Interest income	8,000	8,000	16,531	8,531
	<u>638,500</u>	<u>638,500</u>	<u>846,614</u>	<u>150,433</u>
<b>EXPENDITURES</b>				
Salaries and wages	285,000	285,000	276,392	8,608
Employee benefits	226,000	226,000	212,155	13,845
Insurance expense	11,000	11,000	10,577	423
Maintenance	42,000	42,000	28,539	13,461
Fuel	6,000	6,000	4,364	1,636
Advertising	5,000	5,000	3,426	1,574
Office expense	17,000	17,000	10,416	6,584
Utilities	31,800	31,800	24,311	7,489
Professional services	23,500	23,500	13,915	9,585
County administrative expense	1,400	1,400	1,234	166
Cost of product sold	40,000	40,000	54,333	(14,333)
Other operating expense	11,000	11,000	17,324	(6,324)
Capital outlay	100,000	100,000	80,301	19,699
Transfers out	25,000	25,000	25,000	-
Transfers in	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>824,700</u>	<u>824,700</u>	<u>762,286</u>	<u>62,414</u>
Net changes in fund balances	<u>(186,200)</u>	<u>(186,200)</u>	<u>\$ 84,328</u>	<u>\$ 88,019</u>
Fund balances - July 1, 2018			<u>930,138</u>	
Fund balances - June 30, 2019			<u>\$ 1,014,466</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, 2020**

**Actuarial Assumptions**

Discount Rate: 3.58%, based on the Bond Buyer 20-Bond General Obligation Index

Net Investment Return: Not applicable.

Inflation: 2.26% annual inflation.

Payroll Increases: 3.25% annual increases.

Health Care Trend

<u>Year Beginning</u>	<u>Increase in Premium Rates</u>	
	<u>Pre-65</u>	<u>Post-65</u>
2019	7.70%	5.50%
2020	7.45%	5.25%
2021	7.20%	5.00%
2022	6.95%	5.00%
2023	6.70%	5.00%
2024	6.45%	5.00%
2025	6.20%	5.00%
2026	5.95%	5.00%
2027	5.70%	5.00%
2028	5.45%	5.00%
2029	5.20%	5.00%
2030 and later	5.00%	5.00%

**SYLVAN CEMETERY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION – PENSION  
FOR THE YEAR ENDED  
JUNE 30, 2020**

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

Last 10 Fiscal years\*:

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
District’s proportion of the net pension liability	0.00%	0.01%	0.01%	0.096%	0.01%	0.01%
District’s proportionate share of the net pension liability	\$ 484,202	\$ 438,156	\$ 315,332	\$ 380,760	\$ 315,332	\$ 337,128
District’s covered employee payroll	\$ 276,392	\$ 278,501	\$ 270,806	\$ 261,023	\$ 245,598	\$ 241,801
District’s proportionate share of the net pension liability as a percentage of its covered-employee	175.19%	157.33%	116.44%	145.87%	128.39%	139.42%
Plan Fiduciary net position as a percentage of the total pension liability	82.14%	82.15%	81.38%	81.25%	81.45%	81.35%

\*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\*:

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Actuarially determined contribution	\$ 63,584	\$ 51,262.00	\$ 21,724	\$ 40,371	\$ 37,206	\$ 24,036
Total actual contributions	<u>(63,584)</u>	<u>(51,262)</u>	<u>(21,724)</u>	<u>(40,371)</u>	<u>37,206</u>	<u>(24,036)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District’s covered-employee payroll	\$ 276,392	\$ 278,501	\$ 270,806	\$ 261,023	\$ 245,598	\$ 241,801
Contributions as a percentage of covered employee payroll	23%	18%	8%	15%	15%	10%