



**FECHTER
& COMPANY**
Certified Public Accountants

SYLVAN CEMETERY DISTRICT

Financial Statements With Independent Auditor's Report Thereon

June 30, 2025

SYLVAN CEMETERY DISTRICT

Annual Financial Report

June 30, 2025

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position.....	4
Statement of Activities	5

Fund Financial Statements:

Governmental Funds Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	9
Notes to Basic Financial Statements	10-23

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Sylvan Cemetery District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Sylvan Cemetery District's basic financial statements as listed in the table of contents.

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 Sylvan Cemetery District, as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sylvan Cemetery District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sylvan Cemetery District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sylvan Cemetery District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sylvan Cemetery District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Trustees
Sylvan Cemetery District

Required Supplementary Information

Management has omitted Management's Discussion and Analysis, OPEB and Pension supplemental disclosures and the Budget vs Actual Schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Fechter & Company
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company". The signature is stylized with a large, flowing "F" and a long, sweeping underline that extends to the right.

Sacramento, California
July 10, 2026

SYLVAN CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

ASSETS

Cash and investments	\$ 3,644,368
Interest receivable	
Accounts receivable	26,008
Inventories	259,302
Capital assets, net of accumulated depreciation	838,475
Permanently restricted cash and investments	<u>3,025,530</u>
 Total assets	 7,793,683
 Deferred outflows of resources	 489,141

LIABILITIES

Accounts payable	56,266
Pre-need deposit liability	1,071,107
Compensated absences	23,288
Compensated absences	1,842
Net pension liability	700,414
Post-employment benefit liability	<u>1,640,674</u>
 TOTAL LIABILITIES	 3,493,591
 Deferred inflows of resources	 623,651

NET POSITION

Invested in capital assets, net of related debt	838,475
Restricted for:	
Endowment care	2,879,615
Designated for future cemetery maintenance	<u>447,492</u>
 NET POSITION	 <u><u>\$ 4,165,582</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, 2025

REVENUES

Charges for services	\$ 1,200,461
Property taxes	137,506
Investment income	251,884
Gain/(Loss)	<u>0</u>
Total revenues	<u>1,589,851</u>

EXPENDITURES

Salaries and wages	411,404
Employee benefits	371,502
Commodities	(4,097)
Repairs and maintenance	42,191
Fuel	6,532
Advertising	2,755
Utilities	44,233
Professional services	43,000
Insurance - liability	25,943
County administrative expense	2,067
Office supplies and expense	23,316
Other operating expense	3,161
Depreciation expense	<u>63,023</u>
Total expenditures	<u>1,035,032</u>
Net change in net position	554,819
Net Position - June 30, 2024	3,610,763
Net Position - June 30, 2025	<u><u>\$ 4,165,582</u></u>

The accompanying notes are an integral part of these financial statements

SYLVAN CEMETERY DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2025

	<u>General Fund</u>	<u>Pre-Need</u>	<u>OPEB</u>	<u>Endowment</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 1,289,232	\$ 1,545,006	\$ 515,856	\$ 294,274	\$ 3,644,368
Cash and investments, permanently restricted	-	-	-	3,025,530	3,025,530
Interest receivable	26,009	-	-	-	26,009
Due from other funds	-	13,131	-	9,675	22,806
Inventories	13,278	-	-	-	13,278
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,328,518</u>	<u>\$ 1,558,137</u>	<u>\$ 515,856</u>	<u>\$ 3,329,479</u>	<u>\$ 6,731,991</u>
LIABILITIES					
Accounts payable	\$ 56,266	\$ -	\$ -	\$ -	\$ 56,266
Due to other funds	22,806	-	-	-	22,806
Prereed deposit liability	-	1,071,107	-	-	1,071,107
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>79,072</u>	<u>1,071,107</u>	<u>-</u>	<u>-</u>	<u>1,150,179</u>
FUND BALANCES					
Non spendable	13,278	-	-	-	13,278
Permanently restricted	-	-	-	2,879,615	2,879,615
Restricted for OPEB	-	-	515,856	-	515,856
Restricted for future cemetery maintenance	-	-	-	-	-
Unrestricted	-	-	-	449,863	449,863
	<u>1,236,169</u>	<u>487,030</u>	<u>-</u>	<u> </u>	<u>1,723,199</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,249,446</u>	<u>487,030</u>	<u>515,856</u>	<u>3,329,478</u>	<u>5,581,811</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,328,518</u>	<u>\$ 1,558,137</u>	<u>\$ 515,856</u>	<u>\$ 3,329,479</u>	<u>\$ 6,731,990</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, 2025

Fund Balances of Governmental Funds	\$ 5,581,811
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	838,475
Noncurrent portions of the inventory do not require current resources and are therefore excluded from governmental funds	246,024
Net pension liability	(700,414)
Post-employment benefit liability	(1,640,674)
Deferred outflows of resources	489,141
Deferred inflows of resources	(623,651)
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>(25,130)</u>
Net position of governmental activities	<u><u>\$ 4,165,581</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, 2025

	General Fund	Pre-Need	OPEB Fund	Endowment Fund	Total
Governmental Activities					
Revenues					
Plot sales	\$ 471,168	\$ 50,178	\$ -	\$ 145,915	\$ 667,261
Endowment care	-	-	-	-	-
Cemetery services	264,058	-	-	-	264,058
Vaults and markers	216,464	-	-	-	216,464
Donations	-	-	-	-	-
Total governmental activities revenues	951,689	50,178	-	145,915	1,147,782
Expenditures					
Salaries and wages	407,436	-	-	-	407,436
Employee benefits	288,594	-	-	-	288,594
Insurance expense	25,943	-	-	-	25,943
Maintenance	42,191	-	-	-	42,191
Fuel	6,532	-	-	-	6,532
Advertising	2,755	-	-	-	2,755
Office expense	23,316	-	-	-	23,316
Utilities	44,233	-	-	-	44,233
Professional services	43,000	-	-	-	43,000
County administrative expense	2,067	-	-	-	2,067
Commodities	7,373	-	-	-	7,373
Travel	3,161	-	-	-	3,161
Capital outlay	71,882	-	-	-	71,882
Total governmental activities expenditures	968,483	-	-	-	968,483
Net governmental activities	(16,794)	50,178	-	145,915	179,299
General Revenues					
Property taxes	137,506	-	-	-	137,506
Interest and investment income	46,816	49,472	19,950	135,645	251,884
Gain (Loss)	-	20,298	-	32,381	52,679
Total general revenues	184,323	69,770	19,950	168,026	442,069
Interfund Transfers					
Transfers out	(50,000)	-	-	-	(50,000)
Transfers in	-	-	50,000	-	50,000
Net transfers	(50,000)	-	50,000	-	-
Net changes in Fund Balances	117,528	119,948	69,950	313,941	621,368
Fund Balances - July 1, 2024	1,131,918	367,082	445,906	3,015,537	4,960,443
Fund Balances - June 30, 2025	\$ 1,249,446	\$ 487,030	\$ 515,856	\$ 3,329,478	\$ 5,581,811

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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 621,368
--	------------

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:

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:

Depreciation expense	(63,023)
Capital outlay	71,882
Change in Compensated Absencese liability	(8,472)
Other Post-Employment Benefit liability adjustment	(58,324)
Pension liability adjustment	(21,229)
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.	12,618
	12,618
Change in net position of governmental activities	\$ 554,819

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, 2025**

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, 2025**

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, 2025.

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, 2025**

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 is 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, 2025**

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, 2025**

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, 2025**

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.

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.

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	\$2,293,643	\$940,308	\$3,233,951
Non-Pooled Deposits:			
Mutual funds	1,247,733	2,085,222	3,332,955
Cash in bank	<u>102,991</u>	<u>-</u>	<u>102,991</u>
Total governmental deposits	<u><u>\$3,644,368</u></u>	<u><u>\$3,025,530</u></u>	<u><u>\$6,669,898</u></u>

SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025

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, 2025:

	Units	Current	Non Current	Total
Urns, vaults and marker pads	-	\$ 13,278	\$ -	\$ 13,278
Pre-installed single vaults	525	-	163,626	163,626
Pre-installed companion vaults	170	-	82,398	82,398
		<u>\$ 13,278</u>	<u>\$ 246,024</u>	<u>\$ 259,302</u>

NOTE 4: CAPITAL ASSETS

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

	June 30, 2024	Additions	Deletions	Reclassifications and Adjustments	June 30, 2025
Land	\$ 120,727	\$ -	\$ -	\$ -	\$ 120,727
Construction in progress	-	-	-	-	-
Total non-depreciable capital assets	120,727.00	-	-	-	120,727.00
Buildings	290,685	-	-	-	290,685
Real property and improvements	1,213,029	10,381	-	-	1,223,410
Equipment	415,755	60,351	(86,843.00)	-	389,263
Total depreciable capital assets	1,919,469	70,732	(86,843)	-	1,903,359
Less accumulated depreciation	(1,209,431)	(63,023)	86,843	-	(1,185,611)
Net depreciating assets	710,038	7,709	-	-	717,748
Capital assets, net	<u>\$ 830,765</u>	<u>\$ 7,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 838,475</u>

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 \$63,023 for the year ended June 30, 2025.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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, 2025:

	Balance June 30, 2024	Additions	Retirement	Balance June 30, 2025	Current portion
Compensated absences	\$ 7,206	\$ -	\$ (17,924)	\$ 25,130	\$ 1,842
Net pension liability	787,867	(87,453)	-	700,414	N/A
Net OPEB liability	1,607,649	-	(33,025.00)	1,640,674	N/A
Total	<u>\$ 2,402,722</u>	<u>\$ (87,453)</u>	<u>\$ (50,949)</u>	<u>\$ 2,366,218</u>	

NOTE 6: EMPLOYEES RETIREMENT PLAN

Plan Description

The Miscellaneous 2% at 60 Risk Pool and the PEPRRA 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, California 95814.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

Funding Policy

Active employees in the Miscellaneous Pool are required to contribute 7.00% and PEPRAs employees 7.68% of their annual covered salary. The District does not pay 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 2025 was 8.63%, and 7.47% 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, 2025, the District reported a liability of \$787,867 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, 2024 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, 2025, the District recognized pension expense of \$115,776 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, 2023 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.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

NOTE 6: EMPLOYEES RETIREMENT PLAN - (Continued)

Actuarial Assumptions – (Continued)

	<u>Regular Plan</u>	<u>PEPRA</u>
Discount Rate/Rate of Return	6.9% net of investment expense	6.9% net of investment expense
Inflation Rate	2.30%	2.30%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service
COLA increases	Up to 2%	-
Post-Retirement Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The long-term expected rate of return on pension plan investments (6.9%) 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>Long-Term Expected</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Global Equity	50.00%	5.98%
Fixed Income	28.00%	2.62%
Inflation Assets	0.00%	1.81%
Private Equity	8.00%	7.23%
Real Assets	13.00%	4.93%
Liquidity	1.00%	-0.92%

The discount rate used to measure the total pension liability was 6.9%. 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, 2025**

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 (5.9%) or 1 percentage point higher (7.9%) than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
5.90%	6.90%	7.90%
<u>\$ 1,061,062</u>	<u>\$ 700,414</u>	<u>\$ 403,548</u>

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

Pension	\$ 285,366
OPEB	<u>203,775</u>
Total	<u>\$ 489,141</u>

The District also recognized deferred 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.

Pension	\$ 53,448
OPEB	<u>570,203</u>
Total	<u>\$ 623,651</u>

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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.

\$115,776 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, 2026.

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

Year Ending June 30,	Recognized Deferred Outflows/(Inflows) of Resources related to:		
	Pension	OPEB	Total
2026	\$ 145,605	\$(196,658)	\$ (51,053)
2027	104,452	(110,173)	(5,721)
2028	(4,320)	(56,895)	(61,215)
2029	(13,818)	(2,703)	(16,521)
2030	-	-	-
Thereafter	-	-	-
Total Deferred Resources	\$ 231,919	\$(366,428)	\$ (134,510)

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 \$51,136 for year ended June 30, 2025.

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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	\$ 63,466
Interest	63,148
Change in benefit terms	-
Difference between expected and actual experience	25,341
Change in Assumptions	(90,276)
Administrative Costs	
Benefit payments, including refunds	(28,654)
	33,025
Balance - beginning of the year	1,607,649
Balance - end of the year	<u>\$ 1,640,674</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 (2.97%) or 1 percentage point higher (4.97%) than the current rate:

Discount Rate	Current Discount Rate	Discount Rate
-1%		+1%
2.97%	3.97%	4.97%
<u>\$ 1,880,470</u>	<u>\$ 1,640,674</u>	<u>\$ 1,442,772</u>

**SYLVAN CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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 \$ 445,906 into the OPEB Fund for the purpose of funding this liability in the future.

In the July 1, 2023 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 2.21% 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 6.85% initially, gradually decreasing to 4.50%. An inflation rate of 2.26% was used. The remaining amortization period at June 30, 2025, was twenty-five years.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated activity through July 10, 2026, 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, 2025.