

**DAVIS CEMETERY DISTRICT
DAVIS, CALIFORNIA**

Independent Auditors' Reports,
Basic Financial Statements,
Required Supplementary Information,
and Other Reports

For the Fiscal Years Ended
June 30, 2014 and June 30, 2013

DAVIS CEMETERY DISTRICT
For the Fiscal Years Ended
June 30, 2014 and June 30, 2013

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Davis Cemetery District
Davis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Davis Cemetery District (the District), as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 previously 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, 2014 and June 30, 2013, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23-25 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.

Management has omitted the management's discussion and analysis 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 opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
August 8, 2016

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

DAVIS CEMETERY DISTRICT

**STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and investments	\$ 581,009	\$ 584,827
Restricted cash and investments	854,637	801,410
Taxes receivable	155	1,285
Other receivable	1,600	5,689
Inventory	8,617	8,116
Capital assets, net of accumulated depreciation	<u>661,709</u>	<u>694,592</u>
Total Assets	<u>2,107,727</u>	<u>2,095,919</u>
LIABILITIES		
Accounts payable	9,362	4,855
Accrued payroll	14,943	9,994
Unearned revenue	194,140	175,025
Long-term liabilities:		
Compensated absences payable due within one year	<u>8,729</u>	<u>10,695</u>
Total Liabilities	<u>227,174</u>	<u>200,569</u>
NET POSITION		
Net investment in capital assets	661,709	694,592
Restricted for:		
Nonexpendable - Endowment principal	613,425	579,465
Expendable - Endowment	394,972	391,780
Unrestricted	<u>210,447</u>	<u>229,513</u>
Total Net Position	<u>\$ 1,880,553</u>	<u>\$ 1,895,350</u>

The accompanying notes are an integral part of these financial statements.

DAVIS CEMETERY DISTRICT

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Program Expenses:		
Cemetery operations	\$ 494,894	\$ 511,329
Program Revenues:		
Charges for services	<u>99,014</u>	<u>227,862</u>
Net Program Expenses	<u>(395,880)</u>	<u>(283,467)</u>
General Revenues:		
Taxes	215,789	205,200
Unrestricted interest and investment earnings	3,887	3,508
Other income	<u>128,997</u>	<u>5,376</u>
Total General Revenues	<u>348,673</u>	<u>214,084</u>
Contributions to Endowment:		
Endowment deposits	<u>32,410</u>	<u>36,285</u>
Change in Net Position	(14,797)	(33,098)
Net Position - Beginning of Year	<u>1,895,350</u>	<u>1,928,448</u>
Net Position - End of Year	<u>\$ 1,880,553</u>	<u>\$ 1,895,350</u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2014

DAVIS CEMETERY DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Permanent Endowment Fund	Total
ASSETS			
Cash and investments	\$ 186,037	\$ 394,972	\$ 581,009
Restricted cash and investments	241,212	613,425	854,637
Taxes receivable	155	-	155
Other receivable	1,600	-	1,600
Inventory	8,617	-	8,617
Total Assets	<u>\$ 437,621</u>	<u>\$ 1,008,397</u>	<u>\$ 1,446,018</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,362	\$ -	\$ 9,362
Accrued payroll	14,943	-	14,943
Unearned revenue	194,140	-	194,140
Total Liabilities	<u>218,445</u>	<u>-</u>	<u>218,445</u>
Fund Balances:			
Nonspendable:			
Inventory	8,617	-	8,617
Endowment principal	-	613,425	613,425
Restricted	-	394,972	394,972
Unassigned	210,559	-	210,559
Total Fund Balances	<u>219,176</u>	<u>1,008,397</u>	<u>1,227,573</u>
Total Liabilities and Fund Balances	<u>\$ 437,621</u>	<u>\$ 1,008,397</u>	<u>\$ 1,446,018</u>

**Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide
Statements of Net Position - Governmental Activities**

Amounts reported for governmental activities in the Statements of Net Position (page 3) are different because:

Total Fund Balances of the Governmental Fund (above):	\$ 1,227,573
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds:	661,709
Long-term liabilities are not due and payable in the current period, and therefore, not reported in the governmental fund:	
Compensated absences	(8,729)
Net Position of Governmental Activities (page 3)	\$ 1,880,553

The accompanying notes are an integral part of these financial statements.

DAVIS CEMETERY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Permanent Endowment Fund	Total
Revenues:			
Taxes	\$ 215,789	\$ -	\$ 215,789
Revenue from use of money and property	695	3,192	3,887
Charges for services	99,014	-	99,014
Other income	128,997	-	128,997
Endowment deposits	-	32,410	32,410
Total Revenues	<u>444,495</u>	<u>35,602</u>	<u>480,097</u>
Expenditures:			
Current:			
Cemetery operations:			
Salaries and employee benefits	360,289	-	360,289
Services and supplies	103,688	-	103,688
Total Expenditures	<u>463,977</u>	<u>-</u>	<u>463,977</u>
Net Change in Fund Balances	(19,482)	35,602	16,120
Fund Balances - Beginning of Year	<u>238,658</u>	<u>972,795</u>	<u>1,211,453</u>
Fund Balances - End of Year	<u>\$ 219,176</u>	<u>\$ 1,008,397</u>	<u>\$ 1,227,573</u>

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to Government-Wide Statements of Activities**

Amounts reported for governmental activities in the Statements of Activities (page 4)
are different because:

Net Change in Fund Balances - Total Governmental Funds (above) \$ 16,120

Governmental funds report capital outlays as expenditures. However, in the
Statements of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation and amortization expense:

 Current year depreciation expense (32,883)

Some expenses reported in the Statements of Activities do not require the use of current
financial resources, and therefore, are not reported as expenditures in governmental funds:

 Change in compensated absences 1,966

Change in Net Position of Governmental Activities (page 4) \$ (14,797)

The accompanying notes are an integral part of these financial statements.

FOR THE YEAR ENDED JUNE 30, 2013

DAVIS CEMETERY DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Permanent Endowment Fund	Total
ASSETS			
Cash and investments	\$ 191,497	\$ 393,330	\$ 584,827
Restricted cash and investments	221,945	579,465	801,410
Taxes receivable	1,285	-	1,285
Other receivable	5,689	-	5,689
Inventory	8,116	-	8,116
Total Assets	<u>\$ 428,532</u>	<u>\$ 972,795</u>	<u>\$ 1,401,327</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,855	\$ -	\$ 4,855
Accrued payroll	9,994	-	9,994
Unearned revenue	175,025	-	175,025
Total Liabilities	<u>189,874</u>	<u>-</u>	<u>189,874</u>
Fund Balances:			
Nonspendable			
Inventory	8,116	-	8,116
Endowment principal	-	579,465	579,465
Restricted	-	393,330	393,330
Unassigned	230,542	-	230,542
Total Fund Balances	<u>238,658</u>	<u>972,795</u>	<u>1,211,453</u>
Total Liabilities and Fund Balances	<u>\$ 428,532</u>	<u>\$ 972,795</u>	<u>\$ 1,401,327</u>

**Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide
Statements of Net Position - Governmental Activities**

Amounts reported for governmental activities in the Statements of Net Position (page 3) are different because:

Total Fund Balances of the Governmental Fund (above):	\$ 1,211,453
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds:	694,592
Long-term liabilities are not due and payable in the current period, and therefore, not reported in the governmental fund:	
Compensated absences	<u>(10,695)</u>
Net Position of Governmental Activities (page 3)	<u>\$ 1,895,350</u>

The accompanying notes are an integral part of these financial statements.

DAVIS CEMETERY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Permanent Endowment Fund	Total
Revenues:			
Taxes	\$ 205,200	\$ -	\$ 205,200
Revenue from use of money and property	707	2,801	3,508
Charges for services	227,862	-	227,862
Other income	5,376	-	5,376
Endowment deposits	-	36,285	36,285
Total Revenues	<u>439,145</u>	<u>39,086</u>	<u>478,231</u>
Expenditures:			
Current:			
Cemetery operations:			
Salaries and employee benefits	318,719	-	318,719
Services and supplies	155,558	-	155,558
Total Expenditures	<u>474,277</u>	<u>-</u>	<u>474,277</u>
Net Change in Fund Balances	(35,132)	39,086	3,954
Fund Balances - Beginning of Year	<u>273,790</u>	<u>933,709</u>	<u>1,207,499</u>
Fund Balances - End of Year	<u>\$ 238,658</u>	<u>\$ 972,795</u>	<u>\$ 1,211,453</u>

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to Government-Wide Statement of Activities**

Amounts reported for governmental activities in the Statements of Activities (page 4)
are different because:

Net Change in Fund Balances - Total Governmental Funds (above) \$ 3,954

Governmental funds report capital outlays as expenditures. However, in the
Statements of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation and amortization expense:

 Current year depreciation expense (32,886)

Some expenses reported in the Statements of Activities do not require the use of current
financial resources, and therefore, are not reported as expenditures in governmental funds:

 Change in compensated absences (4,166)

Change in Net Position of Governmental Activities (page 4) \$ (33,098)

The accompanying notes are an integral part of these financial statements.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Davis Cemetery District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of the Reporting Entity

The Davis Cemetery District (the District) was organized on August 7, 1922 under the provisions of General Law statutes of 1921, Chapter 652, p. 1103. Sections 8890 through 9309 of the *Health and Safety Code* of the State of California govern the District.

The District is located in the County of Yolo surrounded by the City of Davis.

A local Board of Trustees consisting of five members governs the District. As provided in the California *Health and Safety Code*, Section 9021, trustee appointments are approved by the Yolo County Board of Supervisors for four year terms.

The District's specific powers and responsibilities as set-forth in Section 7, Part 4, Division 8, of the *Health and Safety Code* are summarized as follows:

- Maintain a cemetery limited in use to the burial of residents and taxpayers of the District.
- Establish rates charged for burials within the cemetery.
- Require deposits into an endowment fund that are sufficient to generate income that can be used to maintain the cemetery.
- Contract with the County for the burial of indigents.
- Purchase and erect markers for indigent persons buried in the cemetery.
- Maintain an up-to-date plot/lot map.
- Maintain other required information on all persons buried in the cemetery.

Endowment Fund

Section 9065 of the *Health and Safety Code* requires cemetery Districts to establish an endowment care fund. The endowment fund accounts for the receipt of endowment deposits for each burial right sold, and accumulates interest at the quarterly rate established by the Yolo County Treasury.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Basis of Presentation and Accounting

Government-Wide Statements

The Statements of Net Position and Statements of Activities display information about the primary government (District). These statements include the financial activities of the overall District.

The Statements of Activities present a comparison between direct expenses and program revenues for the District's governmental activity. Direct expenses are those that are specifically associated with the District. Program revenues include charges for services. Revenues that are not classified as program revenues, including all taxes and investment income, are presented instead as general revenues. Endowment deposits are presented as contributions to endowments.

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 at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund statements provide information about the District's funds.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. The District considers property taxes as available when deposited into the District's trust account held by Yolo County. A 60 day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) value in exchange, include property taxes, grants, entitlements, and donations. On a modified accrual basis, revenues from property taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District reports the following major governmental funds:

- The General Fund is 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.
- The Endowment Fund is a permanent fund used to account for restricted endowment receipts and the related interest earnings.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

C. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the District's financial reporting process. The following pronouncements were implemented for the years ended June 30, 2014 and 2013:

Governmental Accounting Standards Board No. 63

During fiscal year 2012-2013, the District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position*. This Statement provides financial reporting guidance on deferred outflows of resources and deferred inflows of resources. This Statement altered the reporting of the District's net position.

D. Risk Management

The District is exposed to various risks of loss related to theft, damage, and/or destruction of assets, errors and omissions and general liability. The District maintains insurance coverage for its fixed assets, errors and omissions, general liability and automobile.

E. Cash in County Treasury

The District maintains all of its cash and investments with the Yolo County Treasurer in a cash and investment pool. On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and other deposit and investment risk disclosures can be found in the County's Comprehensive Annual Financial Report (CAFR). The County of Yolo's financial statements may be obtained by contacting the County of Yolo's Auditor-Controller's office at 625 Court Street, Room 103, Woodland, California 95776. The Yolo County Treasury Oversight Committee oversees the Treasurer's investments and policies.

The District has no deposit or investment policy that addressed a specific type of risk. Investments held in the County's investment pool are available on demand and are stated at amortized cost plus accrued interest, which approximates fair value.

E. Inventories

Inventories are maintained to meet the operating and maintenance requirements of the District and are valued at cost, which approximates fair value, using the weighted average method.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

F. Capital Assets

Capital assets have been acquired for general operational purposes. Assets purchased are recorded as expenditures in the General Fund and capitalized at cost or estimated cost where no historical records are available in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives of 7 to 10 years for equipment and 10 to 50 years for structures and improvements in the government-wide statements.

G. Property Tax Revenue

Yolo County, through the Auditor-Controller's Office and the Treasurer-Tax Collector, is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation. The County apportions property taxes according to the alternative method of distribution known as the Teeter Plan. Under the Teeter Plan, the current year's secured property tax levy is distributed to participating agencies within the County without consideration of delinquency factors. The District recognizes property taxes as revenue when the County distributes them.

H. Compensated Absences

District employees accumulate unpaid vested benefits for compensatory time-off and vacation which is reported as a liability of the District. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations of the year in which they are to be paid; therefore, the total liability is recorded as long-term. In accordance with GASB Statement No. 16, these amounts are not expected to be liquidated from expendable available financial resources.

I. Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets

This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, if any, that are attributable to capital assets reduce the balance in this category.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

J. Net Position/Fund Balances, (Continued)

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net assets are presented in two types: expendable and nonexpendable. Nonexpendable requires amounts that are required to be retained in perpetuity. Expendable amounts represent amounts that can be spent.

Unrestricted Net Position

This category represents net position of the District not restricted for any project or any other purpose.

The District's fund balances are classified into five different components. The components are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through a Board resolution.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's policy the Board of Trustees may assign amounts for specific purposes. Such restraint can only be changed or removed by a vote of the Board.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In order to preserve maximum flexibility, when any expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is presumed that restricted funds are spent first.

Similarly, when expenditures are incurred for purposes for which amounts in any unrestricted fund balance could be used, it is presumed that the committed amounts are spent first, then the assigned, then the unassigned amounts.

DAVIS CEMETERY DISTRICT

**NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

The District holds restricted and unrestricted cash and investments with the Treasurer of the County of Yolo in a cash and investment pool. The County of Yolo Treasurer pools its funds with other governmental agencies in the County and invests them as prescribed by the California Government Code and the County of Yolo's Investment Policy. The District's deposits in the County pool may be accessed at any time. The District is allocated interest income on monies deposited with the County based on its proportional share of the pooled investments. All investments are carried at fair value.

The Treasurer's investment and policies are overseen by the Yolo County Treasury Oversight Committee. The balance in the account as of June 30, 2014 and 2013 was as follows:

	2014	2013
Cash and investments	\$ 581,009	\$ 584,827
Restricted cash and investments	854,637	801,410
Total Cash and Investments	<u>\$ 1,435,646</u>	<u>\$ 1,386,237</u>

Investments

The District is authorized under California Government Code to make direct investments however the District has not adopted an investment policy and thus does not maintain policies for exposure to interest rate risk, credit risk, and concentration of credit risk. Investment policies and related credit, custodial credit, concentration of credit, interest rate, and foreign currency risks applicable to the District are those of the County and are disclosed in the County's basic financial statements. For a copy of the County's financial statements contact the County of Yolo Auditor-Controller's office located at 625 Court Street, Room 102, Woodland, California 95695.

At June 30, 2014, the District had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments						
Cash in County Pooled Treasury	Variable	On Demand	<u>\$ 1,435,646</u>	<u>\$ 1,435,646</u>	<u>\$ 1,435,646</u>	<u>1.08</u>

At June 30, 2013, the District had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments						
Cash in County Pooled Treasury	Variable	On Demand	<u>\$ 1,386,237</u>	<u>\$ 1,386,237</u>	<u>\$ 1,386,237</u>	<u>0.91</u>

DAVIS CEMETERY DISTRICT

**NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

	Balance July 1, 2013	Additions	Deletions	Tranfers	Balance June 30, 2014
Governmental Activities					
Capital assets, not being depreciated:					
Land and land improvements	\$ 100,634	\$ -	\$ -	\$ -	\$ 100,634
Capital assets, being depreciated:					
Structures and improvements	1,003,812	-	-	-	1,003,812
Equipment	183,430	-	-	-	183,430
Total capital assets, being depreciated	1,187,242	-	-	-	1,187,242
Less accumulated depreciation for:					
Structures and improvements	(416,925)	(30,874)	-	-	(447,799)
Equipment	(176,359)	(2,009)	-	-	(178,368)
Total accumulated depreciation	(593,284)	(32,883)	-	-	(626,167)
Total capital assets, being depreciated, net	593,958	(32,883)	-	-	561,075
Government activities capital assets, net	<u>\$ 694,592</u>	<u>\$ (32,883)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,709</u>

For fiscal year 2014, depreciation expense of \$32,883 was charged to cemetery operations.

A summary of changes in capital assets for the year ended June 30, 2013, is as follows:

	July 1, 2012	Additions	Deletions	Tranfers	June 30, 2013
Governmental Activities					
Capital assets, not being depreciated:					
Land and Land Improvements	\$ 100,634	\$ -	\$ -	\$ -	\$ 100,634
Capital assets, being depreciated:					
Structures and improvements	1,003,812	-	-	-	1,003,812
Equipment	183,430	-	-	-	183,430
Total capital assets, being depreciated	1,187,242	-	-	-	1,187,242
Less accumulated depreciation for:					
Structures and improvements	(386,050)	(30,875)	-	-	(416,925)
Equipment	(174,348)	(2,011)	-	-	(176,359)
Total accumulated depreciation	(560,398)	(32,886)	-	-	(593,284)
Total capital assets, being depreciated, net	626,844	(32,886)	-	-	593,958
Government activities capital assets, net	<u>\$ 727,478</u>	<u>\$ (32,886)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694,592</u>

For fiscal year 2013, depreciation expense of \$32,886 was charged to cemetery operations.

DAVIS CEMETERY DISTRICT

**NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4: UNEARNED REVENUE

In fiscal year 2008, the District began collecting pre-payments for burial services under its "Pre-Need Program". Under this program, customers pay for burial fees in advance, allowing customers to mitigate rising burial costs. The unearned income includes labor, the vault (if applicable), and marker moving. Any burial plot sales in a pre-need purchase are recognized upon date of sale. The District recognizes revenue from the prepaid burial services when all services related to each burial have been performed. The District's unearned revenue account balances for the years ended June 30, 2014 and 2013, were \$194,140 and \$175,025, respectively, in prepaid burial services.

For the years ended June 30, 2014 and 2013, the District received \$30,825 and \$38,845, respectively, in prepaid burial services and recognized \$12,300 and \$8,233, in related revenue.

NOTE 5: LONG- TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2014, is as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>	<u>Due within One year</u>
Compensated absences	<u>\$ 10,695</u>	<u>\$ 14,153</u>	<u>\$ (16,119)</u>	<u>\$ 8,729</u>	<u>\$ 8,729</u>

A schedule of changes in long-term debt for the fiscal year ended June 30, 2013, is as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletion</u>	<u>June 30, 2013</u>	<u>Due within One year</u>
Compensated absences	<u>\$ 6,529</u>	<u>\$ 11,935</u>	<u>\$ (7,769)</u>	<u>\$ 10,695</u>	<u>\$ 10,695</u>

NOTE 6: PENSION PLAN

A. Plan Description

On December 10, 2006, the District began to contribute to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

All full-time permanent employees are required to participate in CalPERS. To be eligible for retirement, members of the Miscellaneous Coverage Group must be at least 60 years of age, and have a minimum of five years of CalPERS credited service. The system provides for retirement, disability, and death benefits.

The employees' contribution is seven percent of their annual salaries. The District is required to contribute the amounts necessary to fund the benefits for its members using the actuarial basis recommended by the CalPERS actuaries.

CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 Q Street, Sacramento, California 95814.

DAVIS CEMETERY DISTRICT

**NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6: PENSION PLAN, (CONTINUED)

B. Funding Policy

The District makes the contributions required for the employees on their behalf and for their account. The rates are set by statute and therefore generally remain unchanged from year to year. The present actuarially determined rates of annual covered payroll are as follows:

<u>Year</u>	<u>Category</u>	<u>Member Rates as a Percentage of Wages</u>
2014	Local miscellaneous members	8.049%
2013	Local miscellaneous members	7.846%

C. Annual Pension Cost

For fiscal years 2014 and 2013, the District's annual pension cost of \$16,615 and \$15,425, respectively, for CalPERS was equal to the District's required and actual contributions. The required contributions were determined as part of the annual actuarial valuation using the entry age normal actuarial cost method. The actuarial value of CalPERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three year period (smoothed market value).

Three Year Trend Information

Fiscal year 2014

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2012	\$14,825	100%
6/30/2013	\$15,425	100%
6/30/2014	\$16,615	100%

Fiscal year 2013

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2011	\$12,726	100%
6/30/2012	\$14,825	100%
6/30/2013	\$15,425	100%

DAVIS CEMETERY DISTRICT

**NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters.

The District participates in the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a joint power agency (risk-sharing pool) made up of other governmental entities within the County. The District is covered for general liability and automobile liability, workers' compensation, property damage, and fidelity through YCPARMIA. Through YCPARMIA membership in the California Joint Powers Insurance Authority (CALJPIA), the District is provided with an excess coverage fund for catastrophic liability losses. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

The annual contribution YCPARMIA charges to each agency is based upon its pro-rata share of excess insurance premiums, charges for the pooled risk (losses) recognizing the deductible selected, claims adjusting and legal costs, and administrative and other costs to operate the YCPARMIA. Settled claims from these risks did not exceed coverage for the past two years. The District's deductible and maximum coverage are as follows:

2014 Coverage	Deductible	District	CJRMA	CSAC	Lloyd's of London
General and Auto Liability	\$ 1,000	\$ 500,000	\$ 40,000,000	\$ -	\$ -
Workers' Compensation	1,000	500,000	-	Layered	-
Property Insurance	1,000	25,000	-	959,357,100	-
Boiler and Machinery Coverage *	1,000	5,000	-	100,000,000	-
Cyber Liability	1,000	-	-	-	1,000,000
2013 Coverage	Deductible	District	CJRMA	CSAC	
General and Auto Liability	\$ 1,000	\$ 500,000	\$ 40,000,000	\$ -	
Workers' Compensation	1,000	500,000	-	Layered	
Property Insurance	1,000	25,000	-	926,480,683	
Boiler and Machinery Coverage *	1,000	5,000	-	100,000,000	

* Included in Property Insurance

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on District's financial reporting process. Future new standards which may impact the District include the following:

Governmental Accounting Standards Board No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective as of July 1, 2014. The District has not determined the effect on the financial statements.

Governmental Accounting Standards Board No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement is intended to improve accounting and financial reporting for U.S. State and local governments' combinations and disposals of government operations. This Statement is effective as of December 15, 2013. This Statement is effective as of July 1, 2014. The District has not determined the effect on the financial statements.

Governmental Accounting Standard No. 71

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective for financial statements for periods beginning after June 15, 2014. This statement's objective is to address an issue regarding application of the transition provisions of *Statement No. 68, Accounting and Financial Reporting for Pensions*. This Statement is effective as of July 1, 2014. The District has not determined its effect on the financial statements.

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The District has not determined its effect on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2017. The District has not determined its effect on the financial statements.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS, (CONTINUED)

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2018. The District has not determined its effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2017. The District has not determined its effect on the financial statements.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has not determined its effect on the financial statements.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS, (CONTINUED)

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has not determined its effect on the financial statements.

GASB Statement No. 80 – In March 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District has not determined its effect on the financial statements.

DAVIS CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENT FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS, (CONTINUED)

GASB Statement No. 81 – In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The District has not determined its effect on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82 – *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District has not determined its effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DAVIS CEMETERY DISTRICT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 135,200	\$ 135,200	\$ 215,789	\$ 80,589
Revenue from use of money and property	1,200	1,200	695	(505)
Charges for services	101,225	101,225	99,014	(2,211)
Other income	155,500	155,500	128,997	(26,503)
Total Revenues	<u>393,125</u>	<u>393,125</u>	<u>444,495</u>	<u>51,370</u>
Expenditures:				
Current:				
Cemetery operations:				
Salaries and employee benefits	374,980	374,980	360,289	14,691
Services and supplies	94,145	94,145	103,688	(9,543)
Total Expenditures	<u>469,125</u>	<u>469,125</u>	<u>463,977</u>	<u>5,148</u>
Net Change in Fund Balance	<u>(76,000)</u>	<u>(76,000)</u>	<u>(19,482)</u>	<u>56,518</u>
Fund Balance - Beginning of Year	<u>238,658</u>	<u>238,658</u>	<u>238,658</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 162,658</u>	<u>\$ 162,658</u>	<u>\$ 219,176</u>	<u>\$ 56,518</u>

See note to required supplementary information.

DAVIS CEMETERY DISTRICT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 208,300	\$ 208,300	\$ 205,200	\$ (3,100)
Revenue from use of money and property	1,300	1,300	707	(593)
Charges for services	234,175	234,175	227,862	(6,313)
Other income	6,389	6,389	5,376	(1,013)
Total Revenues	<u>450,164</u>	<u>450,164</u>	<u>439,145</u>	<u>(11,019)</u>
Expenditures:				
Current:				
Cemetery operations:				
Salaries and employee benefits	322,364	322,364	318,719	3,645
Services and supplies	160,070	160,070	155,558	4,512
Total Expenditures	<u>482,434</u>	<u>482,434</u>	<u>474,277</u>	<u>8,157</u>
Net Change in Fund Balance	<u>(32,270)</u>	<u>(32,270)</u>	<u>(35,132)</u>	<u>(2,862)</u>
Fund Balance - Beginning of Year	<u>273,790</u>	<u>273,790</u>	<u>273,790</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 241,520</u>	<u>\$ 241,520</u>	<u>\$ 238,658</u>	<u>\$ (2,862)</u>

See note to required supplementary information.

DAVIS CEMETERY DISTRICT

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014 AND 2013**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for the entire above annually budgeted funds lapse at the end of the fiscal year.

Budgets are adopted on a modified accrual. Budget information is presented for all funds budgeted. The District makes adjustments to its original budget during the year. This enables the effectiveness of individual departments in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board. Annual appropriated budgets are adopted for the General Fund. It is this final revised budget that is presented in these financial statements.

OTHER REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Davis Cemetery District
Davis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Davis Cemetery District (the District), as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 8, 2016. Our report includes an emphasis of matter for the District's adoption of new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
August 8, 2016