

**DAVIS CEMETERY DISTRICT  
DAVIS, CALIFORNIA**

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

For the Fiscal Year Ended  
June 30, 2015

**DAVIS CEMETERY DISTRICT**  
**For the Fiscal Year Ended**  
**June 30, 2015**

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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 year ended June 30, 2015, 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 audit. We conducted our audit 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, 2015, and the respective changes in financial position thereof for the year 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. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. 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, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions on pages 23 - 26 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.

*Vavrinick, Trine, Day & Co. LLP*

Sacramento, California  
August 8, 2016

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**DAVIS CEMETERY DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<u>2015</u>
<b>ASSETS</b>	
Cash and investments	\$ 635,659
Restricted cash and investments	894,018
Taxes receivable	397
Inventory	8,617
Capital assets, net of accumulated depreciation	<u>641,212</u>
Total Assets	<u>2,179,903</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>13,985</u>
<b>LIABILITIES</b>	
Accounts payable	1,422
Accrued payroll	8,857
Unearned revenue	203,450
Net pension liability	53,416
Compensated absences payable due within one year	<u>13,247</u>
Total Liabilities	<u>280,392</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>25,527</u>
<b>NET POSITION</b>	
Net investment in capital assets	641,212
Restricted for:	
Nonexpendable - Endowment principal	638,350
Expendable - Endowment	398,810
Unrestricted	<u>209,597</u>
Total Net Position	<u>\$ 1,887,969</u>

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

**DAVIS CEMETERY DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
Program Expenses:	
Cemetery operations	464,175
Program Revenues:	
Charges for services	<u>128,730</u>
Net Program Expenses	<u>(335,445)</u>
General Revenues:	
Taxes	229,434
Unrestricted interest and investment earnings	3,823
Other income	<u>140,352</u>
Total General Revenues	<u>373,609</u>
Contributions to Endowment:	
Endowment deposits	<u>25,625</u>
Change in Net Position	63,789
Net Position - Beginning of Year, as Restated	<u>1,824,180</u>
Net Position - End of Year	<u><u>\$ 1,887,969</u></u>

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



**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**

**DAVIS CEMETERY DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Permanent Endowment Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 236,849	\$ 398,810	\$ 635,659
Restricted cash and investments	255,668	638,350	894,018
Taxes receivable	397	-	397
Inventory	8,617	-	8,617
Total Assets	<u>\$ 501,531</u>	<u>\$ 1,037,160</u>	<u>\$ 1,538,691</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,422	\$ -	\$ 1,422
Accrued payroll	8,857	-	8,857
Unearned revenue	203,450	-	203,450
Total Liabilities	<u>213,729</u>	<u>-</u>	<u>213,729</u>
Fund Balances:			
Nonspendable			
Inventory	8,617	-	8,617
Endowment principal	-	638,350	638,350
Restricted	-	398,810	398,810
Unassigned	279,185	-	279,185
Total Fund Balances	<u>287,802</u>	<u>1,037,160</u>	<u>1,324,962</u>
Total Liabilities and Fund Balances	<u>\$ 501,531</u>	<u>\$ 1,037,160</u>	<u>\$ 1,538,691</u>

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

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

<b>Total Fund Balances of the Governmental Fund (above):</b>	<b>\$ 1,324,962</b>
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds.	641,212
The deferred accounts below are related to the the pension liability and are not due and payable in the current period and therefore are not reported in the governmental funds.	
Deferred inflows of resources - amounts related to pensions	(25,527)
Deferred outflows of resources - amounts related to pensions	13,985
Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet	(53,416)
Long-term liabilities are not due and payable in the current period, and therefore, not reported in the governmental fund:	
Compensated absences	(13,247)
<b>Net Position of Governmental Activities (page 3)</b>	<u><b>\$ 1,887,969</b></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, 2015**

	General Fund	Permanent Endowment Fund	Total
Revenues:			
Taxes	229,434	\$ -	\$ 229,434
Revenue from use of money and property	684	3,139	3,823
Charges for services	128,730	-	128,730
Other income	140,352	-	140,352
Endowment deposits	-	25,625	25,625
Total Revenues	<u>499,200</u>	<u>28,764</u>	<u>527,964</u>
Expenditures:			
Current:			
Cemetery operations:			
Salaries and employee benefits	330,819	-	330,819
Services and supplies	87,731	-	87,731
Capital outlay	12,024	-	12,024
Total Expenditures	<u>430,574</u>	<u>-</u>	<u>430,574</u>
Net Change in Fund Balances	68,626	28,764	97,390
Fund Balances - Beginning of Year	219,176	1,008,396	1,227,572
Fund Balances - End of Year	<u>\$ 287,802</u>	<u>\$ 1,037,160</u>	<u>\$ 1,324,962</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:

<b>Net Change in Fund Balances - Total Governmental Funds (above)</b>	<b>\$ 97,390</b>
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:	
Capital outlay	12,024
Current year depreciation expense	(32,521)
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 net pension liability	(8,585)
Change in compensated absences	(4,519)
<b>Change in Net Position of Governmental Activities (page 4)</b>	<b><u>\$ 63,789</u></b>

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

## DAVIS CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

#### 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 YEAR ENDED JUNE 30, 2015**

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

**B. Basis of Presentation and Accounting**

Government-Wide Statements

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

The Statement 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 YEAR ENDED JUNE 30, 2015

#### 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 year ended June 30, 2015:

###### *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 was implemented by the District effective July 1, 2014.

###### *Governmental Accounting Standard No. 71*

In November 2013, the GASB issued Statement 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 was implemented by the District effective as of July 1, 2014.

##### 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.

## DAVIS CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

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

##### 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.

##### F. 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.

##### G. 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. Donated capital assets are recorded at fair value at the time of the donation. 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.

##### H. 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.

## DAVIS CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

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

##### I. 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.

##### J. 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.

###### *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.



## DAVIS CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

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

##### J. Net Position/Fund Balances, (Continued)

- 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.

The Board of Trustees, upon the recommendation of the Davis Cemetery District superintendent, may authorize a different order of spending. The various committed and assigned are established by actions of the board and management and can be increased or eliminated by similar actions.

##### K. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to pensions related to the implementation of GASB 68 and the payment of pension contributions after the measurement date. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pensions as a result of the implementation of GASB 68 and certain pension related items.

##### L. 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.

##### M. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*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, 2015 was as follows:

	2015
Cash and investments	\$ 635,659
Restricted cash and investments	894,018
Total Cash and Investments	<u>\$ 1,529,677</u>

Restricted cash and investments are funds held to provide future care for the cemetery grounds into perpetuity. Upon cemetery capacity, the funds are used for care and upkeep of the grounds.

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, 2015, the District had the following investments:

Investments	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Cash in County Pooled Treasury	Variable	On Demand	<u>\$ 1,529,677</u>	<u>\$ 1,529,677</u>	<u>\$ 1,529,677</u>	<u>1.33</u>

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 3: CAPITAL ASSETS*

A summary of changes in capital assets for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Tranfers	Balance June 30, 2015
<b>Governmental Activities</b>					
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	12,024	-	-	195,454
Total capital assets, being depreciated	1,187,242	12,024	-	-	1,199,266
Less accumulated depreciation for:					
Structures and improvements	(447,799)	(30,314)	-	-	(478,113)
Equipment	(178,368)	(2,207)	-	-	(180,575)
Total accumulated depreciation	(626,167)	(32,521)	-	-	(658,688)
Total capital assets, being depreciated, net	561,075	(20,497)	-	-	540,578
Government activities capital assets, net	\$ 661,709	\$ (20,497)	\$ -	\$ -	\$ 641,212

For fiscal year 2015, depreciation expense of \$32,521 was charged to Cemetery Operations.

*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 has been performed. The District's unearned revenue account balance for the year ended June 30, 2015 was \$203,450, in prepaid burial services.

For the year ended June 30, 2015, the District received \$26,320 in prepaid burial services and recognized \$25,625 in related revenue.

*NOTE 5: LONG- TERM DEBT*

A schedule of changes in long-term debt for the fiscal year ended June 30, 2015, is as follows:

	July 1, 2014	Additions	Deletions	June 30, 2015	Due within One year
Compensated absences	\$ 8,729	\$ 11,019	\$ (6,501)	\$ 13,247	\$ 13,247

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 6: PENSION PLAN*

Plan Description

District employees are eligible to participate in the District's plan, a cost-sharing multiple-employer public employee defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and may be amended by district resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment with the retirement formula of 2 percent @ 60 for existing "classic" members and 2 percent @ 62 for "new" members. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<b>Classic</b>	<b>PEPRA</b>
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire Date		
Formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	11.499%	6.25%

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 6: PENSION PLAN, (CONTINUED)*

Contributions:

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees under the Classic and PEPRA Tiers are required to contribute 7.0 percent and 6.25 percent of their annual pay, respectively. For the fiscal year ended June 30, 2015, the District contributed 5.0 percent of the employees required contribution. The District’s contractually required contribution rate for the year ended June 30, 2015, for the Classic and PEPRA Tiers, was 11.499 percent and 6.25 percent, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$13,985 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the District reported a liability of \$53,416 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. 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 participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.00086% percent, which was a decrease of 0.00005% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$13,022. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 13,985	
Net differences between projects and actual earnings on plan investments		\$ (17,952)
Changes in proportion and differences between District contributions and proportionate share of contributions		(7,575)
Total	<u>\$ 13,985</u>	<u>\$ (25,527)</u>

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 6: PENSION PLAN, (CONTINUED)*

The amount of \$13,985 reported as deferred outflows of resources related to pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2016	\$	(7,193)
2017		(7,193)
2018		(6,652)
2019		(4,488)
Total	\$	<u>(25,527)</u>

Actuarial Assumptions:

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Rates are from CalPERS 2014 Experience Study 20 years of mortality improvements using the Society of Actuaries Scale BB

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

The long-term expected rate of return on pension plan investments 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.

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 6: PENSION PLAN, (CONTINUED)*

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Return Years 1 - 10</b>	<b>Real Return Years 11+</b>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent for each plan. 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 the district’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The 7.50% investment return assumption used in this accounting valuation the net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 6: PENSION PLAN, (CONTINUED)*

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

The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate of 7.5% as well as 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 or 1-percentage point higher than the current rate:

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
District's proportionate share of the net pension liability	\$ 95,174	\$ 53,416	\$ 18,764

Pension Plan Fiduciary Net Position:

Detailed information about each pension plans’ fiduciary net position is available in the separately issued CalPERS financial reports.

*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:

2015 Coverage	Deductible	District	CJRMA	CSAC	Lloyd's of London
General and Auto Liability	\$ 5,000	\$ 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	25,000	-	959,357,100	-
Cyber Liability	-	-	-	-	1,000,000

\* Included in Property Insurance



**DAVIS CEMETERY DISTRICT**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

*NOTE 8: RESTATEMENT*

During the fiscal year ended June 30, 2015, the District implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the District restated the beginning net position as of July 1, 2014 to reflect the prior period adjustment related to the implementation of the new accounting pronouncements.

	<b>Governmental Activities</b>
	<hr/>
Net position at July 1, 2014, as previously stated	\$ 1,880,553
Restatement:	
Net Pension Liability	(72,988)
Deferred Outflows of Resources - Contributions made after the measurement date	16,615
Net position at July 1, 2014, as restated	<hr/> <hr/>

The following is a pro forma effect of the retroactive application:

	June 30, 2014		
	Previously Presented	Restatement	June 30, 2014 Restated
	<hr/>	<hr/>	<hr/>
Deferred Outflows of Resources	\$ -	\$ 16,615	\$ 16,615
Net Pension Liability	-	(72,988)	(72,988)
Net Position, Beginning of year	1,880,553	(56,373)	1,824,180

*NOTE 9: 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:

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 No. 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 No. 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 YEAR ENDED JUNE 30, 2015

#### NOTE 9: 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, 2017. 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 issued 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*. This statement is intended to assist governments that participate in certain multiple-employer defined benefit pension plans to meet the reporting requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective June 30, 2017. The District has not determined its effect on the financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The Statement provides guidance that will allow many pools to continue to qualify for amortized cost accounting. This Statement is effective June 30, 2017. The District has not determined its effect on the financial statements.

## DAVIS CEMETERY DISTRICT

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

#### NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS, (CONTINUED)

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This 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. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The District has not determined its effect on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split Interest Agreement*. 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. 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 periods beginning after December 15, 2016. 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 No. 67 and No. 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, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 190,860	\$ 190,860	\$ 229,434	\$ 38,574
Revenue from use of money and property	-	-	684	684
Charges for services	147,500	147,500	128,730	(18,770)
Other income	113,125	113,125	140,352	27,227
Total Revenues	451,485	451,485	499,200	47,715
Expenditures:				
Current:				
Cemetery operations:				
Salaries and employee benefits	335,114	335,114	330,819	4,295
Services and supplies	84,738	84,738	87,731	(2,993)
Capital outlay	12,024	12,024	12,024	-
Total Expenditures	431,876	431,876	430,574	1,302
Net Change in Fund Balance	19,609	19,609	68,626	49,017
Fund Balance - Beginning of Year	219,176	219,176	219,176	
Fund Balance - End of Year	\$ 238,785	\$ 238,785	\$ 287,802	

See accompanying note to the required supplementary information.

**DAVIS CEMETERY DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
MISCELLANEOUS COST-SHARING DEFINED BENEFIT PENSION PLAN – LAST 10 YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
District's proportion of the net pension liability	0.00086%
District's proportionate share of the net pension liability	\$ 53,416
District's covered - employee payroll (Fiscal year 2014)	\$ 226,770
District's proportionate Share of the net pension liability as a percentage of its covered-employee payroll	26.30%
Plan fiduciary net position as a percentage of the total pension liability	79.82%
Measurement date	6/30/2014

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See accompanying note to the required supplementary information.

**DAVIS CEMETERY DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS – MISCELLANEOUS COST-SHARING DEFINED  
BENEFIT PENSION PLAN – LAST 10 YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u><b>June 30, 2015</b></u>
Actuarially determined contributions	\$ 13,985
Contributions in relation to the actuarially determined contribution	<u>(13,985)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll (Fiscal year June 30, 2015)	\$ 188,824
Contributions as a percentage of covered-employee payroll	7.41%

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See accompanying note to the required supplementary information.

**DAVIS CEMETERY DISTRICT**

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

*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 basis. 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 year ended June 30, 2015 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. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

**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.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California  
August 8, 2016