

**NEVADA CEMETERY DISTRICT**  
Nevada City, California

AUDIT REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

Stroub Thompson Noble, CPAs  
1555 River Park Drive, Suite 201  
Sacramento, CA 95815

**NEVADA CEMETERY DISTRICT**  
Nevada City, California

TABLE OF CONTENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	14
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET FUND BALANCES - GOVERNMENTAL FUNDS	17
NOTES TO BASIC FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTAL INFORMATION	
BUDGETARY COMPARISON SCHEDULE	31
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	34
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	36



1555 River Park Drive Suite 201 Sacramento, CA 95815

---

916.822.5128 Fax 916.218.6282 Email [inquiry@stncpas.com](mailto:inquiry@stncpas.com)

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Nevada Cemetery District  
Nevada City, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada Cemetery District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nevada Cemetery District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of Nevada Cemetery District for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 22, 2014.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and 28 through 29 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2016, on our consideration of the Nevada Cemetery 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 Nevada Cemetery District's internal control over financial reporting and compliance.



Stroub Thompson Noble, CPAs  
January 20, 2017

## NEVADA CEMETERY DISTRICT

### MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nevada Cemetery District provides an overview of the district's financial activity for the fiscal year ended June 30, 2016. It should be read in conjunction with the financial statements which follow.

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statement of Activities (on page 11) provide information about the activities of the district as a whole and present a longer-term view of the district's finances. Fund financial statements start following this analysis, on page 9. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the district's operations in more detail than the government-wide statements by providing information about the district's most significant funds.

#### **Reporting on the District as a Whole:**

The Nevada Cemetery District was formed 1942 as a special district by the voters in a general election. At that time the boundaries of the district were set as part of the formation of the district. In 1986 and again in 2007 the physical land size of the district was increased to the present time where the district encompasses all of western Nevada County situated below the 5,000-foot elevation. There are 28 cemeteries managed by the District. Two of the cemeteries are recent additions: Deer Creek in 2010 and Elster Memorial in 2012. Both are lawn cemeteries and increase our available plots by approximately 3,000.

26 cemeteries are classified as historical and date from 1860 through the construction of the new cemeteries. 11 cemeteries are full and are no longer accepting new interments. 14 cemeteries are still in active use and have plot space as indicated on page 7.

It should be noted here that plot spaces are normally calculated as 4' by 10' ground spaces and are intended for full size caskets. These plots when sold, can also accommodate an additional two sets of cremains, if desired by the owner(s). When cremains are added, there are additional charges for the cremains vault and opening and closing of the plot. Optionally, the family of the deceased may desire to have us provide additional services such as chairs, canopy, etc.

We are also in the research stage of allowing "green burials" at suitable cemetery. Green burials eliminate the need for caskets and vault liners to encourage quicker return to a natural state. These methods are more desirable to some segments of the community although there is no significant savings in burial costs because of the initial increase in working with the remains.

The California Health and Safety Code requires that public cemeteries recover their cost of providing burial services after the year 2000 and additionally that they provide multiple cost alternatives to their customers. The Nevada Cemetery District consequently provides for natural cemeteries, lawn cemeteries, cremation plots, scattering gardens, common ossuary, full body plots and columbaria niche arrangements. Since the year 1997 California cemeteries have also been required to collect an "endowment" fee for the continued maintenance of cemeteries after they have been effectively closed.

The endowment fee is set by the District according to the amount of ground space maintenance needed. The minimum fee is set by the California Health and Safety Code Section 8738 at \$2.25 per square foot.

Unfortunately, prior to Year 1997 there were no endowment fees collected by most public cemeteries and thus the maintenance of historic cemeteries falls partly on the annual general revenues of the District.

Two other statutes directly affect financial operations of a public cemetery district. First, funds in the endowment fund must be accounted for separately and only 10% of the interest on the principal funds can be spent in any fiscal year. Second, the District having been formed in 1942 and being below the per mill rate set by the Gann Initiative for annual budget limitations, the District is not required to calculate an annual Gann Rate. Third, we cannot make a profit from our operations although we can recover all of our short and long terms costs through our rate structure. In 2011 the District conducted a nexus study to determine what our costs were for our natural, Deer Creek and Elster Memorial cemeteries. A similar study will be done to set rates for our "green cemetery" as appropriate. Out rates are then evaluated and adjusted every two years. The next adjustment will be effective in July 2017.

Staffing of the District includes an Operations Manager, 3 Cemetery Maintenance Workers, and contracted Bookkeeping and Secretarial services. Management is provided by a five-member Board of Trustees appointed to staggered four year terms by the County Board of Supervisors.

The District has a comprehensive Personnel Code, Classification and Salary Schedule and Policy and Procedures Manual for its cemeteries. Our employees are not unionized. Their pension is supplied by the California Public Employees Retirement System and the District does not provide post-retirement benefits such as health care coverage.

Our analysis of the district as a whole begins above. One of the most important questions asked about the district's finances is: "Is the district as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the district as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the district's net assets and changes in them. You can think of the district's net assets - the difference between assets and liabilities - as one way to measure the district's financial health or financial position. Over time, increases or decreases in the district's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the district's property tax base and the condition of the district's cemeteries, to assess the overall health of the district.

In the Statement of Net Assets and the Statement of Activities, we divide the district into three kinds of activities:

- \* Governmental activities - Most of the district's basic services are reported here. Property taxes finance most of these activities.
- \* Business-type activities - The district charges a fee to customers to help it cover all or most of the cost of certain services it provides.
- \* Component units - Although legally separate, component units (such as a redevelopment agency) are important because the district is financially accountable for them. The district had no component units in the current year.

## **Reporting the District's Most Significant Funds:**

Our analysis of the district's major funds begins on page 2. The fund financial statements begin on page 4 and provide detailed information about the most significant funds - not the district as a whole. The district board establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes and other money.

\* Governmental funds - Most of the district's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The District's Statement of Net Position on Government Wide Activities is found beginning on page 12 of this report.

## **Financial Analysis:**

The net assets for the district as a whole increased to \$5,651,220 from \$5,578,226 at June 30, 2016.

From the initial cash on hand at the beginning of each fiscal year, The District budgets unrestricted funds the following reserves for 6/30/2016:

Reserve for automotive replacement	\$54,000
Reserve for annual leave buyout	\$ 9,742
Enterprise Fund for monument restoration	\$ 3,000
Reserve for re-purchase of returned plots	\$ 3,000

## **Business Type Activity:**

District started business type of activity of buying and selling cemetery vaults, liners and vases. Inventory valued as of June 30, 2016 was \$19,676.

**Budgetary Highlights:**

The District's 2016 revenue increased over 2014 revenue as shown by the next two tables..

Approximately 2/3 of District revenue comes from the general property tax on real property and equipment. The amounts for were:

<b>Fiscal Year 2016</b>	<b>\$385,953</b>
<b>Fiscal Year 2015</b>	<b>\$354,867</b>
<b>Fiscal Year 2014</b>	<b>\$321,602</b>

The Remaining 1/3 of revenue comes from business activities:

<b>Fiscal Year 2016</b>	<b>\$ 84,074</b>
<b>Fiscal Year 2015</b>	<b>\$100,602</b>
<b>Fiscal Year 2014</b>	<b>\$ 84,380</b>

There was a 2% increase in July 2015 in the price lists for most District goods and services. Prices will again be reviewed in January 2017 for increases in July 2017.

**Operating Expenses:**

As would be expected from a service organization, salaries and wages, health insurance and retirement costs are a major component of expenses. Our personnel related expenses were reduced by the retirement of a long-time District Manager and promotion of another District employee which created a lower cost replacement. Such costs were:

<b>Fiscal Year 2016</b>	<b>\$385,928</b>	<b>“% operating expenses” 67.51%</b>
<b>Fiscal Year 2015</b>	<b>\$394,919</b>	<b>“% operating expenses” 66.65%</b>
<b>Fiscal Year 2014</b>	<b>\$415,641</b>	<b>“% operating expenses” 64.53%</b>

Management Philosophy: We participate in surveys of cemetery district salaries and benefits and conduct some of our own to get a good cross section of the market. It is our management

strategy to be in the middle of the pack, not too generous and also not too stingy. We desired to keep and promote our employees which keep our recruitment safety and training costs lower while maintain a good place to work and our core competency strong. As shown below, the district's non-payroll expenses remain relatively level.

Non-Payroll expenses were:

<b>Fiscal Year 2016</b>	<b>\$125,383</b>
<b>Fiscal Year 2015</b>	<b>\$130,418</b>
<b>Fiscal Year 2014</b>	<b>\$146,082</b>

Detail on Operating Expenses and a comparison between 2016 and 2015 can be found on page 16.

**Capital Assets:**

The district's investment in capital assets as of June 30, 2016, amounted to \$5,744,953 net of accumulated depreciation. Capital assets consist of maintenance equipment and a building. Cemetery land and improvements are classified as capital assets. Capital asset expenditures during the year were \$0 for purchase of equipment, and Land Inventory improvements remained same. The Cemetery District valued its land inventory at fair market value of \$6,048,243 as disclosed in the financial statements.

**Economic Factors and Future Outlook:**

The Nevada Cemetery District provides cemetery services in 28 cemeteries in Nevada County. The population of the district is expected to grow as the general county population grows. The operating expenses have increased over the last three years. General economic activity is showing some signs of slow down with the increase in annual property tax collections having increased slightly. As a consequence, we have been as a District placing funds into board discretionary funds for purchase of unused annual leave at retirement, re-purchase of plots when necessary, automotive reserves and an enterprise fund for monument. We have negotiated a property access easement at our Penn Valley Cemetery which will allow for the expansion of the Penn Valley Cemetery onto to property that we had previously purchased. The negotiation was with the County Board of Supervisors and we obtained the access easement without cost. The next section, Pages 7 and 8, reports our real property locations represented by cemeteries and their inventory and the District Headquarters.

We have two cemeteries that are not at full buildout or are scheduled for expansion. Elster Memorial is a five-acre cemetery of which, only half has been fully constructed.

Penn Valley is scheduled for expansion by half an acre. We own both properties but are working on final development as need dictates.

Every five years, the Nevada Local Agency Formation Commission (Nevada LAFCO) evaluates the adequacy of our Municipal Services in view of current population and projected population trends. Working in our favor is that Nevada County is one of the oldest counties in California in terms of average population age.

As mentioned previously, the Nevada Cemetery District owns and operates 28 cemeteries in western Nevada County.

While closed to new interments, closed cemeteries may continue to have burials where the deceased is related to someone already interred in that cemetery and plot. Our Closed cemeteries are all natural, full body cemeteries and do not have columbaria or scattering gardens. We do allow an additional two cremains. Our closed cemeteries are:

<u>Closed Cemetery</u>	<u>Number of Plots</u>
Nevada County Number 1	658
Nevada County Number 2	125
Old Odd Fellows	150
Moore's Flat	50
Meadow Lake	100
Brooklyn Lodge	30
Relief Hill	134
Omega	8
New Odd Fellows	149
<b><u>Total</u></b>	<b><u>1,406</u></b>

Our Open cemeteries, with exception of two, are also natural cemeteries and as such do not have scattering gardens or columbaria. The cemeteries accept full body, cremains or a combination up to three interments. Figures for June 30 2016 are:

<u>Open Cemetery</u>	<u>Total of Plots</u>	<u>Still Available</u>
Clear Creek	448	111
French Corral	398	237
Graniteville	350	40

<u>Open Cemetery</u>	<u>Total of Plots</u>	<u>Still Available</u>
Indian Springs	664	260
North Bloomfield	386	94
North San Juan Catholic	292	33
North San Juan Protestant	520	6
Penn Valley	702	60
Pleasant Valley	249	178
Red Dog	596	1001
Rough and Ready	1120	762
Sweetland	276	245
Washington (cremains only)	150	18
Cherokee (green burials now)	208	40
Loney-Sanford	569	212
<b><u>Total</u></b>	<b><u>7,333</u></b>	<b><u>3,297</u></b>

We have two cemeteries that are “lawn” cemeteries. These facilities have the whole array of services: full body, cremains, scattering garden, ossuary, columbaria niche and dedicated sections e.g. veterans or service groups.

<u>Cemetery</u>	<u>Total # of Plots</u>	<u>Still Available</u>
Deer Creek (full body/cremains/ Columbaria	446	432
Elster Memorial (full body/ cremains/ Columbaria	2,810*	2,796
<b><u>Total</u></b>	<b><u>3,256</u></b>	<b><u>3,228</u></b>

(\*) This cemetery is only at 50%

Buildout

It is clear from the foregoing that we have sufficient property resources to meet the needs of our citizens for the next half century at our current rate of interments of 110 per year. How is that possible? It is important to know that there is a private local mortuary that owns its own cemeteries as well.

In addition, we are always seeking land donations so that we don't have to purchase additional land in the foreseeable future.

The Board of Trustees of the Nevada Cemetery District believes that our policies and procedures will make us a viable special district well into the future.

**Nevada County Cemetery District**

**January 20, 2017**

**NEVADA CEMETERY DISTRICT**  
Nevada City, CA

STATEMENT OF NET POSITION

June 30, 2016

		Government Wide Activities	
		2016	2015
<b>ASSETS</b>			
Cash		\$ 364,146	\$ 277,051
Accounts Receivable			
Inventory		19,676	11,452
Total Current Assets		\$ 383,822	\$ 288,503
<b>Capital Assets</b>			
Land and Improvements		\$ 6,048,243	\$ 6,048,243
Accumulated Depreciation		(303,290)	(288,347)
Total Capital Assets		5,744,953	5,759,896
Total Assets		\$ 6,128,775	\$ 6,048,399
<b>LIABILITIES</b>			
Accounts Payable		\$ 14,157	\$ 7,869
Total Current Liabilities		\$ 14,157	\$ 7,869
Accrued Expenses		9,742	8,584
Deferred Revenue		210,835	210,835
Aggregate Net Pension Liability		192,258	192,258
Total Noncurrent Liabilities		\$ 412,835	\$ 411,677
Total Liabilities		\$ 426,992	\$ 419,546
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Investment Earnings		50,563	50,627
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 5,744,953	\$ 5,759,896
Restricted - Nonexpendable:			
Endowment Care		92,528	86,299
Unrestricted		(186,261)	(267,969)
Total Net Position		\$ 5,651,220	\$ 5,578,226
Total Liabilities and Net Position		\$ 6,128,775	\$ 6,048,399

**NEVADA CEMTERY DISTRICT**  
Nevada City, California

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2016

	Government Wide Activities	
	2016	2015
Expenses:		
Personnel Services	\$ 263,001	\$ 259,384
Materials and Supplies	125,383	130,418
Depreciation	14,879	30,048
Total Program Expenses	\$ 403,263	\$ 419,850
Program Revenues:		
Charges for Services	\$ 82,578	\$ 99,633
Net Program Expenses	\$ 320,685	\$ 320,217
General Revenues:		
Property Taxes	\$ 385,953	\$ 354,867
Investment Earnings	1,497	969
Total General Revenues	\$ 387,450	\$ 355,836
Endowment Care	\$ 6,229	\$ 5,285
Change in Net Position	\$ 72,994	\$ 40,904
Net Position - Beginning of Year	5,578,226	5,992,481
Prior Period Adjustment	-	(455,159)
Net Position - Beginning of Year (Revised)	5,578,226	5,537,322
Net Position - End of Year	\$ 5,651,220	\$ 5,578,226

**NEVADA CEMETERY DISTRICT**

Nevada City, California

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>2016 Governmental Funds Total</u>	<u>General Fund</u>	<u>Endowment Fund</u>	<u>2015 Governmental Funds Total</u>
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 271,618	\$ 92,528	\$ 364,146	\$ 190,752	\$ 86,299	\$ 277,051
Inventory	19,676	-	19,676	11,452	-	11,452
Total Assets	<u>291,294</u>	<u>92,528</u>	<u>383,822</u>	<u>202,204</u>	<u>86,299</u>	<u>288,502</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 14,158/	\$ -	\$ 14,158	\$ 7,869	\$ -	\$ 7,869
Accrued Liabilities	-	-	-	1,298	-	1,298
Deferred Revenue	210,835	-	210,835	210,835	-	210,835
<b>TOTAL LIABILITIES</b>	<u>224,993</u>	<u>-</u>	<u>224,993</u>	<u>220,002</u>	<u>-</u>	<u>220,001</u>
 <b>NET POSITION</b>						
Restricted for:						
Endowment Care	-	92,528	92,528	-	86,299	86,299
Unrestricted:	-	-	-	-	-	-
Designated for:	-	-	-	-	-	-
Capital Assets	19,676	-	19,676	11,452	-	11,452
Undesignated	46,625	-	46,625	(29,250)	-	(29,250)
Total Fund Balance	\$ <u>66,301</u>	\$ <u>92,528</u>	\$ <u>158,829</u>	\$ <u>(17,798)</u>	\$ <u>86,299</u>	\$ <u>68,501</u>
Total Liabilities and Fund Balance	\$ <u>291,294</u>	\$ <u>92,528</u>	\$ <u>383,822</u>	\$ <u>202,204</u>	\$ <u>86,299</u>	\$ <u>288,502</u>

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2016

<u>Reconciliation:</u>	2016			2015		
	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Governmental Funds Total</u>	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Governmental Funds Total</u>
Total Fund Balance - Government Funds			\$ 158,829			\$ 68,501
Net Position reported for governmental activities in the statement of net assets differ from the total net position in governmental funds above because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (net of accumulated depreciation of \$303,290 and \$288,347, respectively).			5,744,953			5,759,896
Accrued obligations for sick and vacation does not require current financial resources and therefore are not reported in the funds.			(9,742)			(7,286)
Net aggregate pension obligation does not require current financial resources and therefore are not reported in the funds.			<u>(242,821)</u>			<u>(242,885)</u>
Net Position of Governmental Activities			\$ <u><u>5,651,219</u></u>			\$ <u><u>5,578,226</u></u>

**NEVADA CEMETERY DISTRICT**  
Nevada City, California

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET FUND BALANCES - GOVERNMENTAL FUNDS

June 30, 2016

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>2016 Governmental Fund Total</b>	<b>General Fund</b>	<b>Endowment fund</b>	<b>2015 Governmental Funds Total</b>
<b>REVENUES</b>						
Property Taxes	\$ 385,953	\$ -	\$ 385,953	\$ 354,867	\$ -	\$ 354,867
Charges for Current Services	69,898	-	69,898	85,172	-	85,172
Investment Earnings	1,497	6,229	7,726	969	5,285	6,254
Sale of Vaults	12,680	-	12,680	14,461	-	14,461
Transfer from Endowment Fund	-	-	-	-	-	-
Total Revenues	\$ 470,028	\$ 6,229	\$ 476,257	\$ 455,469	\$ 5,285	\$ 460,754
<b>EXPENDITURES</b>						
Cemetery Services						
Salaries & Employee Benefits	260,546	-	260,546	263,225	-	263,225
Services & Supplies	125,383	-	125,383	130,418	-	130,418
Capital Outlay	-	-	-	1,276	-	1,276
Transfer to General Fund	-	-	-	-	-	-
Total Expenditures	\$ 385,929	\$ -	\$ 385,929	\$ 394,919	\$ -	\$ 394,919
Excess of Revenues Over Expenditures	\$ 84,099	\$ 6,229	\$ 90,328	\$ 60,550	\$ 5,285	\$ 65,835
Net Fund Balance - Beginning of Year	\$ (17,798)	\$ 86,299	\$ 68,501	\$ 131,271	\$ 81,014	\$ 212,285
Prior Period Adjustment		-		(209,619)	-	(209,619)
Net Fund Balance - Beginning of Year (Revised)	(17,798)	86,299	68,501	(78,348)	81,014	2,666
Net Fund Balance - End of Year	\$ 66,301	\$ 92,528	\$ 158,829	\$ (17,798)	\$ 86,299	\$ 68,501

**NEVADA CEMETERY DISTRICT**

Nevada City, California

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET FUND BALANCES - GOVERNMENTAL FUNDS

June 30, 2016

	2016			2015		
<u>Reconciliation:</u>	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Governmental Funds Total</u>	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Governmental Funds Total</u>
Net Change in Fund Balance - Governmental Funds			\$ 90,328			\$ 65,835
Changes in Net Position reported for governmental activities in the statements of activities differ from the excess of revenues over expenditures above because:						
Depreciation expense is not considered a use of financial resources			(14,879)			(30,048)
Change in future liability for vacation/sick pay is not a use of financial resources			(2,455)			3,841
Capital outlay is not considered an expenditure for government-wide activities			-			1,276
Change in Net Position of Governmental Activities			\$ <u>72,994</u>			\$ <u>40,904</u>

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **A. The Reporting Entity**

The Nevada Cemetery District was formed under Section 13801 of the California Health and Safety Code. The district operates under a Board of Directors and its basic operations are supported by property taxes paid to Nevada County, sales of internment services, and internment rights.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. The District has no component units.

#### **B. Basis of Presentation**

The financial statements of Nevada Cemetery District have been prepared in conformity with generally accepted accounting principles (GAAP). The government accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

#### Governmental-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if any. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

#### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories; government, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The two funds of the Nevada Cemetery District are governmental funds as described below:

**General Fund** - The General Fund is the main operating fund of the District. It is used for all activities except those that are required to be accounted for in another fund. All of the District's activities are reported in the general operating fund except those legally or administratively required to be accounted for in other funds. It is a major fund.

**Permanent/Endowment Funds** - Permanent Funds report trust arrangements in which the reporting government is the beneficiary of the earnings on the principal. The Endowment fund is a permanent fund and is used for reporting endowment fees collected by the District on grave sales which are permanently restricted. The interest earned on endowment funds is unrestricted. It is a major fund.

#### **C. Measurement Focus and Basis for Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statement regardless of the measurement focus applied.

##### Measurement Focus

Government-Wide Financial Statements:

The Government-Wide Statement of Net Position and the Statement of Activities are reported using the economic resources measurement focus. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

The Governmental Funds Statements:

On the Government-Wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. The "current financial resources" measurement focus is used when accounting for all governmental funds. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Accounting

In the Government-Wide Statement of Net Assets and Statement of Activities, governmental accounting activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of yearend. Expenditures are recorded when the related fund liability is incurred.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

#### **D. Budgetary Data**

The District adopts an annual budget on or before August 1. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations. The procedures followed require a proposed budget to be presented to the Board of Trustees at the July meeting after reviewing with Nevada County on their most current estimates of tax revenues. The budget may be amended during the year should an economic need occur.

#### **E. Property Taxes**

Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on July 1st and are payable in two installments on December 10th and April 10th. All general property taxes are allocated by the County Auditor-Controller's office to the various taxing entities in installments during the year. The District recognizes property tax revenues when they actually become available and received from the Nevada County Auditor-Controller's office. The District therefore makes no accrual for property tax receivable as of June 30, 2016.

The District has elected to participate in the Teeter Plan for property tax distributions to local agency jurisdictions. Under the Teeter Plan, the counties allocate property tax revenues based on the total amount of property tax billed, but not yet collected. The County absorbs the timing risk of collecting delinquent taxes and retains all penalties and interest. As a result, Nevada Cemetery District receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected by the County.

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **F. Cash and Investments**

Cash includes demand accounts maintained with a banking institution and amounts maintained with the District's fiscal agent, Nevada County. Nevada County does not allow the District to make independent investments of excess funds.

#### **G. Inventory**

Inventory consists of uninstalled vaults, vases and liners. Inventory is stated at cost using the first-in, first-out method of accounting. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

#### **H. Estimates**

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

#### **I. Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Structures and Improvements	25 years
Equipment	5 years
Vehicles	7.5 years

#### **J. Net Position**

The District classifies its net position into three components as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated Depreciation, reduce by the outstanding debt balances, net of unamortized debt expenses. Deferred inflows and outflows of resources are attributable to the acquisition, construction or improvements of those assets or related debt are also included.

Restricted - This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures (excluding amounts considered in net capital, above), grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation or by the Board.

These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets.

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2016

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Unrestricted - This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "net investment in capital assets" or "Restricted".

**K. Restricted and Designated Assets**

Cash, cash equivalents, and investments, which are legally limited under terms of certain agreements with third parties are considered restricted. Funds as a result of Board actions to limit the use of such funds to specific purposes are considered designated but not restricted. When the District designates funds for a specific purpose, and both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**L. Commitments and Contingencies**

In the opinion of management, there is no litigation pending expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

**M. Subsequent Events**

The District has evaluated subsequent events through January 20, 2017, the date which the financial statements were available to be issued.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments were comprised of the following at June 30, 2016:

Cash at County Treasury	\$	<u>364,146</u>
Total cash and equivalents	\$	<u><u>364,146</u></u>

**Investments**

The District's investment policy, in conformity with applicable California General Statutes, authorizes investments in Nevada County pooled funds. The value of the position in the pools is the same as the pool shares. These investments are not categorized since these funds and pools contain a diversified portfolio of securities within each category as defined in the following paragraph:

Category 1 includes investments that are insured or registered or for which collateral is held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or its trust department in the District's name. Category 3 includes unsecured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 3 COMPENSATED ABSENCES POLICY

An employee may accumulate vacation and sick pay with a limitation as to the number of hours of accumulation.

<u>Years of Service</u>	<u>Rate of Accrual</u>	<u>Maximum Accrual</u>
0-2 years	5 days	10 days
2-3 years	10 days	20 days
3 and over	15 days	30 days

Upon termination of employment, for any reason, employees are paid 100% of their accumulated vacation pay.

Employees leaving the Cemetery service while in good standing and for reasons other than PERS retirement, will be paid one-half of the equivalent dollar amount of their accumulated sick leave in excess of 192 hours, but not more than \$2,000. Employees retiring with PERS benefits are entitled to 100% of their unused sick leave. PERS retirees can choose either early retirement on a day-for-day basis or they can apply equivalent dollar amounts toward monthly premiums for group health insurance continuance.

At June 30, 2016, the accumulated vacation and sick pay were as follows:

Vacation Pay	\$ <u>9,742</u>
--------------	-----------------

### NOTE 4 RISK MANAGEMENT

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

There is no claims liability to be reported based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

General Liability Coverage: The District carries a commercial general liability and wrongful acts insurance policy with coverage of \$25,000,000 per occurrence and an aggregate per coverage of \$25,000,000. The Districts' automobile liability and physical damage policy limits are \$25,000,000 with uninsured and motorist coverage of \$25,000,000.

Worker's Compensation Coverage: The District carries a workers' compensation insurance policy in the amount of \$5,000,000 per incident per employee.

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2016

**NOTE 5 CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Governmental Activities:				
Not being depreciated:				
Land	\$ 5,659,982	\$ -	\$ -	\$ 5,659,982
Subtotal	<u>5,659,982</u>	<u>-</u>	<u>-</u>	<u>5,659,982</u>
Other capital assets:				
Structures & Improvements	279,040		-	279,040
Equipment	<u>109,221</u>	<u>-</u>		<u>109,221</u>
Subtotal	6,048,243	-	-	6,048,243
Accumulated Depreciation:				
Structures	(194,885)	(11,161)	-	(206,046)
Equipment	<u>(93,462)</u>	<u>(3,782)</u>		<u>(97,244)</u>
Subtotal	<u>(288,347)</u>	<u>(14,943)</u>	<u>-</u>	<u>(303,290)</u>
 Total Capital Assets (net)	 \$ <u>5,759,896</u>	 \$ <u>(14,943)</u>	 \$ <u>-</u>	 \$ <u>5,744,953</u>

Depreciation expense for the year ended June 30, 2016 was \$14,943.

**NOTE 6 DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

The District's defined benefit pension plan, the California Public Employees' Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple employer plan administered by CalPERS, which acts as

# NEVADA CEMETERY DISTRICT

Nevada City, California

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

a common investment and administrative agent for participating public employers within the state of California menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report can be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

#### **B. Funding Policy**

For those employees hired on or after April 20, 2012 the District has implemented a 2% @ 55 tier 2 plan which reduces the amount of employee contribution paid by the District to 7%. The district is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For new employees hired after January 1, 2013 the District benefit formula changed to a 2% @ 62 tier III where the employee contributes the full employee contribution of 6.25% of all earnings in excess of \$133.33 per month. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2014 was 15.685% for tier I, 10.282% for tier II. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

#### **C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

At June 30, 2016, reported a net pension asset of \$0 and a net pension liability of \$192,258. The net pension and asset liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of July 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

For the year ended June 30, 2014, recognized pension expense of \$17,330. At June 30, 2014, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NEVADA CEMETERY DISTRICT**

Nevada City, California

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (50,627)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 430	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
Total	<u>\$ 430</u>	<u>\$ (50,627)</u>

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

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

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 14,939
2018	\$ 16,826
2019	\$ 18,814
Thereafter	\$ 115,387

**Actuarial Assumptions:** The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions were based on

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2016

**NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)**

CalPERS' specific data that includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for major asset class are summarized in the following table:

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

	New Strategic Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Totals	100.00%		27.62%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	3.00%

The 7.50% assumed investment rate of return is comprised of an inflation of 2.50%, a real return of 5.00% that is net of investment expense.

**Discount rate:**

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2016

**NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)**

use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

**Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:**

The following represents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 323,690	\$ 187,997	\$ 74,241

**Note 7 PRIOR PERIOD ADJUSTMENT**

During the year, the District determined that the deferred revenue associated with preneed services were not properly accounted for prior to current year. As a result, the accrual of deferred revenue in the amount of \$215,518 was recorded as of June 30, 2014. This correction resulted in a prior period adjustment of \$215,518, decreasing prior year unrestricted net assets, and increasing deferred revenue for the year.

**NEVADA CEMETERY DISTRICT**  
Nevada City, California

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Taxes	\$ 385,953	\$ 391,465	\$ 385,953	\$ 5,512
Charges for Current Services	83,627	77,110	69,898	7,212
Interest	1,497	700	7,726	(7,026)
Other Income		-	12,680	(12,680)
Fund Transfers	<u>110,559</u>	<u>110,559</u>	<u>-</u>	<u>110,559</u>
 Total Revenue	 \$ <u>581,636</u>	 \$ <u>579,834</u>	 \$ <u>476,257</u>	 \$ <u>103,577</u>
 Expenditures:				
Salaries & Employee Benefits	\$ 277,924	\$ 278,582	\$ 260,546	\$ 18,036
Service & Supplies	151,125	129,370	125,383	3,987
Capital Outlay	87,577	105,503	-	105,503
Contingencies	<u>65,011</u>	<u>66,379</u>	<u>-</u>	<u>66,379</u>
 Total Expenditures	 \$ <u>581,636</u>	 \$ <u>579,834</u>	 \$ <u>385,929</u>	 \$ <u>193,905</u>
 Budgetary Change in Net Position, June 30, 2016	 \$ <u><u>-</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>90,328</u></u>	 \$ <u><u>(90,328)</u></u>

**NEVADA CEMETERY DISTRICT**

Nevada City, California

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A: GENERAL BUDGET POLICIES**

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) and consistent with the basis used for financial reporting. The budget and GAAP information for the general fund reported on the Statement of Revenues, Expenditures and Changes in Net Fund Balances - Governmental Funds, reports the differences with contingencies. For GAAP purposes, contingencies are represented in the respective category.

**NEVADA CEMETERY DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
(Audited)

AS OF JUNE 30, 2016  
LAST 10 FISCAL YEARS \*

	Miscellaneous Plan
Contractually required contribution	\$ 33,727
Contributions in relation to the contractually required contribution	\$ (33,727)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 158,710
Contributions as a percentage of covered-employee payroll	21.25%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

**NEVADA CEMETERY DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
(Audited)

AS OF JUNE 30, 2016  
LAST 10 FISCAL YEARS \*

	Miscellaneous Plan
Proportion of the net pension liability (asset)	0.00309%
Proportionate share of the net pension liability (asset)	\$ 192,258
Covered employee payroll	\$ 158,710
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121.14%
Plan fiduciary net position as a percentage of the total pension liability	76.11%

\* Amounts presented were determined as of calendar year January 1 – December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure information.

**NEVADA CEMETERY DISTRICT**  
Nevada City, California

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Note 1: Change in Benefit Terms**

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities.

**Note 2: Change in Assumptions**

None



1555 River Park Drive Suite 201 Sacramento, CA 95815

---

916.822.5128 Fax 916.218.6282 Email [inquiry@stncpas.com](mailto:inquiry@stncpas.com)

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  
Nevada Cemetery District  
Nevada City, California

We have audited the accompanying financial statements of the business-type activities, of Nevada Cemetery District as of June 30, 2016, for the year then ended, and have issued our report thereon dated January 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control over Financial Reporting

In planning and performing our audit, we considered Nevada Cemetery District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the Nevada Cemetery District's financial statements are free of material misstatements, 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*.

This report is intended solely for the information and use of the Board of Trustees of Nevada Cemetery District and its management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Stroub Thompson Noble". The signature is written in a cursive, flowing style.

Stroub Thompson Noble, CPAs

January 20, 2017