

**WILDOMAR CEMETERY DISTRICT
A SUBSIDIARY DISTRICT
OF THE CITY OF WILDOMAR
FINANCIAL STATEMENTS**

June 30, 2016

**Wildomar Cemetery District
Financial Statements
June 30, 2016**

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1 - 2
Management Discussion and Analysis	3 - 11
 Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18 - 35
 Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	36
Budgetary Comparison Schedule - Endowment Fund	37
Schedule of the District's Proportionate Share of Net Pension Liability	38
Schedule of Contributions	39

INDEPENDENT AUDITORS' REPORT

President and Board of Trustee Members

Wildomar Cemetery District

Wildomar, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wildomar Cemetery District (the "District"), a component unit of the City of Wildomar, California, as of and for the year ended June 30, 2016, 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.

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 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Wildomar Cemetery District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, the District adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to these matters.

As described in Note 1 to the financial statements, the financial statements present only the District, and are not intended to present fairly the financial position and results of operations of the City of Wildomar in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 27 through 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017, on our consideration of the City of Wildomar'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.

Teaman Ramirez & Smith, Inc.

Riverside, California
January 30, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

As management of the Wildomar Cemetery District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage the reader to consider the information presented here in conjunction with the District's financial statements which follow this discussion.

THE FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2016, by \$2.2 million (net position).
- The District's total net position increased by \$82,947. The primary increase is related to an increase in unrestricted net position after prior period adjustment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

As previously discussed, government-wide financial statements detail all capital assets, including infrastructure, depreciation, and long-term debt. Specifically, these statements are designed to provide an expansive overview of the District's finances. Given its scope and in an effort to adequately present this data in a comprehensible format, the government-wide financial statements are divided into two subcategories, the Statement of Net Position and the Statement of Activities. These statements reasonably provide long and short-term information regarding the District's financial condition.

The District's statements provide a manageable yet comprehensive view of the District's economic position, appropriately accounting for all revenue and expenses during the specified fiscal year. To accomplish this, government-wide financial statements are reported utilizing the flow of economic resources (cost of services) measurement focus and the accrual method of accounting. Using the flow of economic resources measurement focus allows the District to provide financial transparency insofar as all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are listed on the Statement of Net Position. The added use of the accrual basis of accounting allows the District a 'real-time' advantage as revenues are recognized when earned and expenses are recognized when incurred.

The Statement of Net Position outlines the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. While fluctuations are expected, over time increases or decreases in the District's net position could be used to gauge the District's financial standing in order to ascertain whether it is improving or deteriorating.

The Statement of Activities demonstrates how the District's net position evolves during the current fiscal year. Specifically, this statement provides comparative analysis between direct expenses and program revenues for each functional activity of the District. In this format, net position changes are recorded in real time when triggered by underlying events without respect to the timing of the related cash flows. Because of this, it is expected that revenue and expenses for some items (such as uncollected taxes and earned but unused vacation leave) will result in recorded cash flows in future fiscal periods.

Combined, the *Statements* reveal functions of the District that can be divided into two categories:

- 1) Governmental activities, and
- 2) Business-type activities.

Governmental activities are chiefly supported by:

- a) Taxes derived from such sources as property tax, and:
- b) Charges for services and investment earnings.

Governmental activities of the District are for general government.

The District does not have any business-type activities.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Specifically, these Fund Financial Statements cover segregated groupings of related accounts whose funds have been designated for specific activities or purpose. They provide a detailed accounting of revenue and expenditures, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and remaining fund balances for each fund. This helps to ensure and demonstrate finance related legal compliance.

Fund financial statements differ from activity reports due to the way capital outlay, depreciation, long-term debt, compensated absences, deferred revenues, and intergovernmental receivables are reported. The impact of these differences is laid out in the notes accompanying the financial statements.

Governmental funds

Governmental funds are reported in essentially the same way as governmental activities in the government-wide financial statements with an exception---governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources. This means governmental fund financial statements identify current sources and uses of money within the immediate fiscal year. Benefits derived include a detailed *short-term* view of the District's general government operations and the basic services it provides, which assist in determining whether there are sufficient financial resources available to meet the District's current needs.

Since the scope of the governmental funds is different than that of the government-wide financial statements, it is beneficial to comparatively examine information presented for the governmental funds with information presented for governmental activities in the government-wide financial statements.

The reader gains a clearer picture of the long-term impacts current financial decisions might yield. When examined together, the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide the reader with a different snapshot that identifies variances between the two different methodologies of accounting for governmental activities and governmental funds.

The District maintains two individual governmental funds. Information is summarized in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Endowment Fund. Data from the two governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found in the Table of Contents under the heading Notes to Financial Statements.

Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and included within the notes, this report also presents Required Supplementary Information.

Required supplementary information includes budgetary comparison schedules for the two governmental funds to demonstrate compliance with the annual budget as adopted and amended, miscellaneous plan information and schedule of contributions. Required Supplementary Information can be found following the Notes to the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2016, by \$2.2 million (net position).

During the fiscal year ended June 30, 2016, net position was \$2.2 million of which \$0.6 million is invested in capital assets such as land, equipment and buildings. Of the remaining total, \$0.2 million is restricted for endowment care and \$1.4 million is unrestricted. Of note is the fact that the District has no outstanding debt related to capital assets held.

Table 1 Statement of Net Position –Governmental Activities

Wildomar Cemetery District Statement of Net Position-Summary For the Years Ended June 30,		
	Governmental Activities	
	<u>2016</u>	<u>2015*</u>
Assets:		
Current and other assets	\$ 1,870,850	\$ 1,784,584
Capital assets	<u>596,093</u>	<u>597,467</u>
Total Assets	<u>2,466,943</u>	<u>2,382,051</u>
Deferred Outflows of Resources:		
Deferred Pension-related items	26,317	4,267
Total Deferred Outflows of Resources	<u>26,317</u>	<u>4,267</u>
Liabilities:		
Other Liabilities	47,135	34,640
Long-term Liabilities	<u>190,044</u>	<u>164,569</u>
Total Liabilities	<u>237,179</u>	<u>199,209</u>
Deferred Inflows of Resources:		
Deferred Pension-related items	13,019	26,994
Total Deferred Inflows of Resources	<u>13,019</u>	<u>26,994</u>
Net Position:		
Net Investment in Capital Assets	596,093	597,467
Restricted	214,129	201,472
Unrestricted	<u>1,432,840</u>	<u>1,361,176</u>
Total Net Position	<u>\$ 2,243,062</u>	<u>\$ 2,160,115</u>

* 2015 restated for prior period adjustments.

Table 2 Statement of Activities –Governmental Activities

Wildomar Cemetery District Statement of Activities For the Years Ended June 30,			
Governmental Activities		<u>2016</u>	<u>2015</u>
Revenues			
Program Revenues			
Charges for Service	\$ 34,600	\$ 50,294	
Operating Grants and Contributions			
Capital Grants and Contributions			
General Revenues			
Sales Taxes	-		
Property Taxes	451,632	399,836	
Other Taxes			
Other Revenues		-	
Use of Money and Property	3,057	981	
	Total Revenues	489,289	451,111
Expenses			
General Government	406,342	409,626	
Public Safety		-	
Community Development		-	
Parks and Recreation		-	
Public Works		-	
	Total Expenses	406,342	409,626
	Increase (Decrease) in Net Position	82,947	41,485
Beginning Net Position	2,365,598	2,336,546	
Restatement of Net Position	(205,483)	(12,433)	
	Ending Net Position	\$ 2,243,062	\$ 2,365,598

During fiscal year 2015-16, net revenues increased \$38,178 over fiscal year 2014-15. Net increases were due to a decrease in Charges for Service of \$15,694 and Property taxes increase of \$51,796. Expenses in fiscal year 2015-16 decreased \$3,284 compared to fiscal year 2014-15.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

As stated, governmental fund financial statements identify current sources and uses of money. Benefits derived include a detailed *short-term* view of the District's general government operations and the basic services it provides, which assists in determining whether there are sufficient financial resources available to meet the District's current needs.

The financial position of the District's governmental funds has increased when compared to the previous fiscal year. The total ending fund balance for the District's governmental funds was \$1.8 million which represented a \$65,100 increase from the prior fiscal year balance restated for prior period adjustments.

The increase is primarily due to the following increase in General Fund revenue: an increase in Property Taxes of \$43,126 and an increase of \$25,600 in Charges for Services.

The General Fund is the primarily funding source for the District. At fiscal year end, the unassigned fund balance of the general fund was \$1.6 million.

CAPITAL ASSETS

The District's net investment in capital assets (Table 3) for its governmental activities as of June 30, 2016, is \$0.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and furniture and equipment. For more information, please refer to Note 5 in the Notes to Financial Statements. The Capital Assets of the District are those assets which are used in the performance of the District's functions. Depreciation on capital assets is recognized in the Government-wide financial statements.

Additional detail information is provided on Capital Assets in the Notes to Financial Statements, Note 1.e.

Table 3 Summary of Changes in Capital Assets

Wildomar Cemetery District Summary of Changes in Capital Assets For the Year Ended June 30, 2016					
	Beginning Balance			Deletions	Ending Balance
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 576,517	\$ 1,375	\$ -	\$ 577,892	
Total Capital Assets not being depreciated	576,517	1,375	-	577,892	
Capital Assets, being depreciated:					
Buildings and improvements	349,597	-	-	349,597	
Furnitures, fixtures and equipment	132,025	-	-	132,025	
Total Capital Assets being depreciated	481,622	-	-	481,622	
Less accumulated depreciation:					
Buildings and improvements	331,160	1,239	-	332,399	
Furniture, fixtures and equipment	129,513	1,509	-	131,022	
Total accumulated depreciation	460,673	2,748	-	463,421	
Total Capital Assets being depreciated, net	20,949	(2,748)	-	18,201	
	\$ 597,466.30	\$ (1,373.00)	\$ -	\$ 596,093.30	

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

The staff and Board of Trustees serve the residents by keeping cost of interments down, keeping staffing at minimum levels and performing most work with existing staff.

Key budget assumptions for forecasting General Fund revenues include the following:

- Increase in property taxes due to increase in valuation.
- Reduce cost of water consumption.
- Property expansion.

The Adopted Operating Budget for Fiscal Year 2016-17 is structurally balanced and attempts to balance accomplishment of the Trustee's goals and objectives while maintaining financial stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Wildomar Cemetery District finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Wildomar Cemetery District
Attention: General Manager
23873 Clinton Keith Road, Suite 201,
Wildomar, California 92595

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

Wildomar Cemetery District

Statement of Net Position

June 30, 2016

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,626,943
Restricted Cash and Investments	214,129
Due from Other Governments	22,482
Inventories	5,297
Prepaid Items	1,999
Capital Assets Not Being Depreciated	577,892
Capital Assets, Net of Depreciation	<u>18,201</u>
 Total Assets	 <u>2,466,943</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Items	<u>26,317</u>
 Total Deferred Outflows of Resources	 <u>26,317</u>
LIABILITIES	
Accounts Payable	4,771
Accrued Liabilities	3,344
Deposits Payable - Pre-Need	39,020
Noncurrent Liabilities:	
Due Within One Year	4,752
Due in More Than One Year	14,255
Net Pension Liability	<u>171,037</u>
 Total Liabilities	 <u>237,179</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Items	<u>13,019</u>
 Total Deferred Inflows of Resources	 <u>13,019</u>
NET POSITION	
Net Investment in Capital Assets	596,093
Restricted for:	
Endowment Care	214,129
Unrestricted	<u>1,432,840</u>
 Total Net Position	 <u>\$ 2,243,062</u>

The accompanying notes are an integral part of this statement.

Wildomar Cemetery District
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Governmental Activities:				
General Government	\$ 406,342	\$ 34,600	\$ -	\$ (371,742)
Total Governmental Activities	<u>\$ 406,342</u>	<u>\$ 34,600</u>	<u>\$ -</u>	<u>(371,742)</u>
General Revenues:				
Property Taxes				451,632
Investment Earnings				<u>3,057</u>
Total General Revenues				<u>454,689</u>
Change in Net Position				<u>82,947</u>
Net Position - Beginning of Year, As Previously Reported				2,365,598
Prior Period Adjustment				<u>(205,483)</u>
Net Position - Beginning of Year, As Restated				<u>2,160,115</u>
Net Position - End of Year				<u>\$ 2,243,062</u>

The accompanying notes are an integral part of this statement.

Wildomar Cemetery District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Endowment Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,626,943	\$ 214,129	\$ 1,841,072
Due from Other Governments	22,482	-	22,482
Inventories	5,297	-	5,297
Prepaid Items	<u>1,999</u>	<u>-</u>	<u>1,999</u>
 Total Assets	 <u>\$ 1,656,721</u>	 <u>\$ 214,129</u>	 <u>\$ 1,870,850</u>
LIABILITIES			
Accounts Payable	\$ 4,772	\$ -	\$ 4,772
Accrued Liabilities	3,344	-	3,344
Deposits Payable - Pre-Need	<u>39,020</u>	<u>-</u>	<u>39,020</u>
 Total Liabilities	 <u>47,136</u>	 <u>-</u>	 <u>47,136</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	<u>8,670</u>	<u>-</u>	<u>8,670</u>
 Total Deferred Inflows of Resources	 <u>8,670</u>	 <u>-</u>	 <u>8,670</u>
FUND BALANCES			
Nonspendable:			
Inventories and Prepaid Items	7,296		7,296
Permanent Fund Corpus	-	209,787	209,787
Restricted for:			
Endowment Care	-	4,342	4,342
Unassigned	<u>1,593,619</u>	<u>-</u>	<u>1,593,619</u>
 Total Fund Balances	 <u>1,600,915</u>	<u>214,129</u>	<u>1,815,044</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 1,656,721</u>	<u>\$ 214,129</u>	<u>\$ 1,870,850</u>

The accompanying notes are an integral part of this statement.

Wildomar Cemetery District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Fund Balances of Governmental Funds	\$ 1,815,044
Amounts reported for governmental activities in the Statement of Net Position are difference because:	
Capital assets net of depreciation have not been included as financial resources in government fund activity.	596,094
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	8,670
Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.	
Pension Related Deferred Outflows of Resources	26,317
Pension Related Deferred Inflows of Resources	(13,019)
Liabilities that are not due and payable in the current period and are not reported in the funds.	
Net Pension Liability	(171,037)
Compensated Absences	<u>(19,007)</u>
Net Position of Governmental Activities	<u><u>\$ 2,243,062</u></u>

Wildomar Cemetery District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Endowment Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 442,962	\$ -	\$ 442,962
Charges for Services	25,000	9,600	34,600
Investment Earnings	-	3,057	3,057
 Total Revenues	 467,962	 12,657	 480,619
EXPENDITURES			
Current:			
Personnel Services	216,820	-	216,820
Materials and Services	138,658	-	138,658
Capital Outlay	3,357	-	3,357
 Total Expenditures	 358,835	 -	 358,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,127	12,657	121,784
OTHER FINANCING SOURCES (USES)			
Contributions to Other Governments	(56,684)	-	(56,684)
 Total Other Financing Sources (Uses)	 (56,684)	 -	 (56,684)
 Net Change in Fund Balances	 52,443	 12,657	 65,100
 Fund Balances, Beginning of Year, as Previously Reported	 1,579,092	 201,472	 1,780,564
Prior Period Adjustment	(30,620)	-	(30,620)
 Fund Balances, Beginning of Year, Restated	 1,548,472	 201,472	 1,749,944
 Fund Balances - End of Year	 \$ 1,600,915	 \$ 214,129	 \$ 1,815,044

The accompanying notes are an integral part of this statement.

Wildomar Cemetery District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 65,100

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense

Capital Outlay	1,375
Depreciation	(2,748)

Governmental funds report activity of long-term liabilities as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities in the Statement of Net Position.

Compensated Absences	(6,574)
Net Change in the Net Pension Liability	13,537

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Unavailable Revenues	8,670
----------------------	-------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Net Change in Deferred Outflows and Inflows of Resources Related to Pensions	3,587
---	-------

Change in Net Position of Governmental Activities	<u>\$ 82,947</u>
---	------------------

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

I.) SIGNIFICANT ACCOUNTING POLICIES

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wildomar Cemetery District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial principles. The following is a summary of the significant accounting policies.

a. Description of the Reporting Entity

The Wildomar Cemetery District (the District) is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created on March 28, 1955 for the purpose of operating a public cemetery for the residents of Wildomar, California. On July 28, 2011, the District was consolidated into the City of Wildomar as a subsidiary district. As a result the structure of the District is a separate legal entity and the City Council of the City of Wildomar would oversee the operations of the District acting as the Board of Directors.

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the Organization’s governing body and either (1) the District’s ability to impose its will over the Organization or (2) the potential that the Organization will provide a financial benefit to, impose a financial burden on, the District. Using these criteria, the District has no component units.

The District is a component unit of the City of Wildomar and, accordingly, the financial statements of the District are included in the financial statements of the City. The District is an integral part of the reporting entity of the City of Wildomar. Only the funds of the District are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City. The District is reported as a discretely presented component unit of the City of Wildomar.

b. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standard Board Statement Nos. 68, 69 and 71

The GASB has issued Statements No. 68, “*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*”, No. 69 “*Government Combinations and Disposals of Government Operations*”, and No. 71 “*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*”. The requirements for Statements No. 68 and No. 71 are effective for financial statements for periods beginning after June 15, 2014 and Statement No. 69 is effective for financial statements for periods beginning after December 15, 2013. Statement No. 69 is not applicable to the District. Statements No. 68 and No. 71 have been implemented and are reflected on the Districts financial statements and beginning net position.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

b. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The District has implemented GASB No. 72 which is reflected on the District's financial statements.

c. Basis of Presentation

The District has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Currently, the District does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances within the District have been eliminated on the statement of net position and the statement of activities.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within the 60 days of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for services, rents, property taxes and interest. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Directors.

The *Endowment Fund* is used to account for financial resources to be used for future maintenance of the Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisitions. The principal must be preserved intact.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then use unrestricted resources as they are needed.

e. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Investments

Investments are recorded at fair value. The estimated fair value of all investments is the quoted market price. Interest earned on all cash and investments is credited to the fund which holds the investment.

Restricted Assets

Certain resources are classified as restricted on the balance sheet because their use is limited to use in the future when the Cemetery no longer has space available to sell for burial rights.

Capital Assets

Capital assets, which includes land, building, improvements, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets are stated at cost (or estimated historical cost) and updated for additions or retirements during the year. Infrastructure and improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and Improvements	10 to 15 years
Furniture, Fixtures and Equipment	3 to 10 years

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale of assets.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st each year. Secured property taxes are levied on July 1st and are payable in two installments, on December 10th and April 10th. The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Fund Equity

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Board of Directors, who is government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

Net Position

Net position presents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District, laws or regulations of other governments.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Use of 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 the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

II.) STEWARDSHIP

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Data

The District follows these procedures, in establishing budgetary data reflected in the Required Supplemental Information - Budgetary Schedules:

The Board of Directors approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Board. Supplemental appropriations, were required during the period, are also approved by the Board. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse. The General Fund is the only fund for which an annual budget is legally adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. Excess of Expenditures over Appropriations

The General Fund had excess expenditures over appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>		<u>Expenditures</u>		<u>Excess</u>
General Government:					
Materials and Services	\$ 103,900		\$ 138,658		\$ 34,758
Capital Outlay	\$ 2,500		\$ 3,357		\$ 857
Contributions to Other Governments	\$ 36,800		\$ 56,684		\$ 19,884

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

III.) DETAILED NOTES ON ALL FUNDS

3) CASH AND INVESTMENTS

Cash and Investments are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 1,626,943
Restricted Cash and Investments	<u>214,129</u>
Total Cash and Investments	<u><u>\$ 1,841,072</u></u>

At June 30, 2016, Cash and investments consisted of the following:

Cash on Hand	\$ 285
Deposits with Financial Institutions	1,711,894
Investments	<u>128,893</u>
Total Cash and Investments	<u><u>\$ 1,841,072</u></u>

The District invested cash from the Endowment Fund for the purpose of increasing earnings through investment activities. Cash not invested is held by the City of Wildomar in pooled accounts. These are identified by the District and the City by individual funds.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agent of Depository are considered to be held for, and in the name of, the local governmental agency.

Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016

3) CASH AND INVESTMENTS - Continued

Authorized Investments

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasuries	5 years	None	None
Money Market Mutual Funds	N/A	20%	5%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Federal Agency Securities	5 years	None	None
Banker's Acceptance Notes	180 days	40%	5%
Commercial Paper	270 days	25%	10%
Repurchase Agreements	92 days	20%	5%
Medium-Term Notes	5 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Joint Powers Authority Investment Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuation are presented below:

Investment Type	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
Money Market Mutual Funds	\$ 128,893	\$ 128,893	\$ -	\$ -
Total	\$ 128,893	\$ 128,893	\$ -	\$ -

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

3) CASH AND INVESTMENTS - Continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual ratings as of the year end for the Pool.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rated Aaa/AAA</u>
Money Market Mutual Funds	\$ 128,893	N/A	\$ 128,893
Total	\$ 128,893		\$ 128,893

Concentration of Credit Risk

The California Government Code places limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of total investments as of June 30, 2016.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2016, all deposits with financial institutions in excess of federal depository insurance limit were held in collateralized accounts where the collateral is not held specifically in the name of the District, as described above. As of June 30, 2016, the District did not have any investments held by a broker-dealer (counterparty) that was used by the District to buy the securities.

Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016

4) FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of assets measured on a recurring basis at June 30, 2016, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Uncategorized</u>
Money Market Mutual Funds	\$ 128,893	\$ -	\$ 128,893	\$ -
Total	\$ 128,893	\$ -	\$ 128,893	\$ -

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices.

Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments.

Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016

5) CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	<u>\$ 576,517</u>	<u>\$ 1,375</u>	<u>\$ -</u>	<u>\$ 577,892</u>
Total Capital Assets, Not Being Depreciated	<u>576,517</u>	<u>1,375</u>	<u>-</u>	<u>577,892</u>
 Capital Assets, Being Depreciated				
Buildings and Improvements	<u>349,597</u>	<u>-</u>	<u>-</u>	<u>349,597</u>
Furniture, Fixtures and Equipment	<u>132,025</u>	<u>-</u>	<u>-</u>	<u>132,025</u>
Total Capital Assets Being Depreciated	<u>481,622</u>	<u>-</u>	<u>-</u>	<u>481,622</u>
 Less Accumulated Depreciated for:				
Buildings and Improvements	<u>331,160</u>	<u>1,239</u>	<u>-</u>	<u>332,399</u>
Furniture, Fixtures and Equipment	<u>129,513</u>	<u>1,509</u>	<u>-</u>	<u>131,022</u>
Total Accumulated Depreciation	<u>460,673</u>	<u>2,748</u>	<u>-</u>	<u>463,421</u>
Total Capital Assets Being Depreciated, Net	<u>20,949</u>	<u>(2,748)</u>	<u>-</u>	<u>18,201</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 597,466</u>	<u>\$ (1,373)</u>	<u>\$ -</u>	<u>\$ 596,093</u>

Depreciation expense of \$2,748 was charged to general government expense on the government-wide statements.

6) DEPOSITS PAYABLE - PRE-NEED

Included in deposits payable - pre-need is \$39,020 which represents monies collected and held by the District in advance of services.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

7) COMPENSATED ABSENCES PAYABLE

Compensated absences activity for the year ended June 30, 2016 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 12,433	\$ 13,162	\$ 6,588	\$ 19,007	\$ 4,752

8) PENSION PLAN

A) General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous plans. Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service 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 fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

8) PENSION PLAN

A) General Information about the Pension Plans

The rate plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formulas	2.7% at 55	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8%	N/A
Required Employer Contribution Rates	16.372%	N/A

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contributions to the Plan for the year ended June 30, 2016 were \$13,537.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$171,037.

The District net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. 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.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

8) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	CalPERS Pension Plan
Proportion - June 30, 2014	0.002%
Proportion - June 30, 2015	0.004%
Change - Increase (Decrease)	0.002%

For the year ended June 30, 2016, the District recognized pension expense (credit) of (\$3,587). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,537	\$
Differences between actual and expected experience	867	
Changes in assumptions		(8,207)
Change in employer's proportion and differences between the employer's contributions and the employer's Proportionate share of contributions	11,913	(698)
Net differences between projected and actual earnings on plan investments		(4,114)
 Total	 <u>\$ 26,317</u>	 <u>\$ (13,019)</u>

The District reported \$13,537 as deferred outflows of resources related to 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 inflow of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>
2017
2018
2019
2020

2017	\$ (1,195)
2018	(1,500)
2019	(2,801)
2020	5,257

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

8) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

CalPERS Pension Plan

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality	CalPERS Membership Data ⁽³⁾

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

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

⁽³⁾The Mortality Rate Table was derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

8) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Discount Rate - Continued

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 the rounded down to the nearest one quarter of one percent.

The following table reflects the 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. The target allocation shown was adopted by the CalPERS Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

8) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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:

<u>CalPERS Pension Plan</u>		
1% Decrease		6.65%
Net Pension Liability	\$	251,357
Current Discount Rate		7.65%
Net Pension Liability	\$	171,037
1% Increase		8.65%
Net Pension Liability	\$	104,725

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

9) 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; and natural disasters for which the District obtains insurance coverage.

The District is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The District contracted with Golden State Risk Management Authority for liability, property, and crime damage. Policy limits of \$50,000,000 per occurrence for general liability. Policy is written on an Occurrence Form and includes Automobile liability coverage, Officers and Board of Trustees Errors and Omissions and Pollution liability coverage. There is no aggregate limit on this coverage. Property coverage is all risk, replacement cost and provides up to \$600,000,000 maximum payment per coverage loss. Coverage includes Automobile Physical Damage, Mobile Equipment and Boller and Machinery.

The District has had no significant reduction in insurance coverage from prior years. The District has had no settlements exceed insurance coverage for the past three years.

**Wildomar Cemetery District
Notes to Financial Statements
June 30, 2016**

9) RISK MANAGEMENT - Continued

Worker's compensation coverage is maintained by paying premiums to Golden State Risk Management Authority. Policy limits match statutory limits on a per occurrence basis and includes Employer Liability Coverage with policy limits of \$5,000,000 per occurrence.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. Liabilities include an amount for claims that have been incurred by not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

10) COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, in the opinion of the District's Administration, there are no outstanding matters which would have a significant affect on the financial condition of the funds of the District.

11) PRIOR PERIOD ADJUSTMENTS

Included in the Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Net Position are prior period adjustments for the following:

- A) \$30,620 in the Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Net Position relates to the recognition of beginning deposits payable (pre-needs) that were not previously recorded.
- B) The Statement of Net Position for the Government-Wide financial statements includes a \$174,863 prior period adjustment. As part of the implementation of GASB Statements 68 and 71, the beginning net position was adjusted to record \$152,136 for the beginning net pension liability, \$4,267 to record deferred outflows of resources, and \$26,994 to record deferred inflows of resources from the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

Wildomar Cemetery District
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,579,092	\$ 1,579,092	\$ 1,579,092	\$ -
Resources (Inflows):				
Property Taxes	379,800	379,800	442,962	63,162
Charges for Services	50,000	50,000	25,000	(25,000)
Amounts Available for Appropriations	<u>2,008,892</u>	<u>2,008,892</u>	<u>2,047,054</u>	<u>38,162</u>
Charges to Appropriations (Outflow):				
General Government:				
Personnel Services	271,500	271,500	216,820	54,680
Materials and Services	103,900	103,900	138,658	(34,758)
Capital Outlay	2,500	2,500	3,357	(857)
Contributions to Other Governments	<u>36,800</u>	<u>36,800</u>	<u>56,684</u>	<u>(19,884)</u>
Total Charges to Appropriations	<u>414,700</u>	<u>414,700</u>	<u>415,519</u>	<u>(819)</u>
Prior Period Adjustment	<u>(30,620)</u>	<u>(30,620)</u>	<u>(30,620)</u>	<u>-</u>
Budgetary Fund Balance, June 30	<u>\$ 1,594,192</u>	<u>\$ 1,594,192</u>	<u>\$ 1,600,915</u>	<u>\$ 37,343</u>

Wildomar Cemetery District
Budgetary Comparison Schedule
Endowment Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 201,472	\$ 201,472	\$ 201,472	\$ -
Resources (Inflows):				
Charges for Services	9,000	9,000	9,600	600
Investment Earnings	-	-	3,057	3,057
Amounts Available for Appropriations	<u>210,472</u>	<u>210,472</u>	<u>214,129</u>	<u>3,657</u>
Budgetary Fund Balance, June 30	\$ 210,472	\$ 210,472	\$ 214,129	\$ 3,657

Wildomar Cemetery District
Schedule of the District's Proportionate Share of the Net Pension Liability
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered - Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.00432%	\$ 171,037	\$ -	0%	70.99%

Notes to Schedule:

Benefit Changes. In 2016, there was no benefit terms modified.

Changes in Assumptions. In 2016, changes in assumptions resulted primarily from the following:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

⁽¹⁾ Fiscal year 2016 was the 1st year of implementation, therefore only one year is shown.

Wildomar Cemetery District
Schedule of Contributions
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ 13,537	\$ (13,537)	\$ -	\$ -	0%

⁽¹⁾ Fiscal year 2016 was the 1st year of implementation, therefore only one year is shown.