

GOLETA CEMETERY DISTRICT

AUDIT REPORT

June 30, 2016

GOLETA CEMETERY DISTRICT
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June 30, 2016

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Goleta Cemetery District
Goleta, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Goleta Cemetery District (the District), as of and for the fiscal 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Goleta Cemetery District, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance 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 budgetary comparison information on page 24, the schedule of funding progress for Post-Employment Benefits Other than Pensions on page 25, the Schedule of Proportionate Share of Net Pension Liability on page 26, and the Schedule of Pension Contributions on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2016, on our consideration of the Goleta Cemetery District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Moss, Levy & Hartzheim LLP

Santa Maria, California
November 30, 2016

GOLETA CEMETERY DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,970,086
Interest receivable	5,744
Property tax impound receivable	912
Prepaid items	13,853
Capital assets:	
Nondepreciable	902,536
Depreciable, net	<u>1,368,088</u>
 Total assets	 <u>6,261,219</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pensions	<u>128,624</u>
 Total deferred outflows of resources	 <u>128,624</u>
LIABILITIES	
Accounts payable	2,295
Sales tax payable	680
Compensated absences	27,739
Net pension liability	515,888
OPEB liability	<u>217,422</u>
 Total liabilities	 <u>764,024</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pensions	<u>26,708</u>
 Total deferred inflows of resources	 <u>26,708</u>
NET POSITION	
Net investment in capital assets	2,270,624
Restricted for:	
Restricted for perpetual care	704,684
Restricted for maintenance	508,572
Unrestricted	<u>2,115,231</u>
 Total net position	 <u><u>\$ 5,599,111</u></u>

The notes to basic financial statements are an integral part of this statement.

GOLETA CEMETERY DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position
Governmental activities:					
Cemetery	\$ 777,476	\$ 354,696	\$ -	\$ -	\$ (422,780)
Total governmental activities	<u>\$ 777,476</u>	<u>\$ 354,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(422,780)</u>
General Revenues					
Taxes:					
Secured and unsecured property taxes					479,826
Investment income					26,505
Intergovernmental					<u>18,105</u>
Total general revenues					<u>524,436</u>
Change in net position					101,656
Net Position, beginning of fiscal year					<u>5,497,455</u>
Net Position, end of fiscal year					<u>\$ 5,599,111</u>

The notes to basic financial statements are an integral part of this statement.

GOLETA CEMETERY DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	General Fund	Permanent Fund	Totals
ASSETS			
Cash and investments	\$ 2,758,383	\$ 1,211,503	\$ 3,969,886
Petty cash	200		200
Interest receivable	3,991	1,753	5,744
Property tax impound receivable	912		912
Prepaid items	13,853		13,853
	<u>2,777,339</u>	<u>1,213,256</u>	<u>3,990,595</u>
Total assets	<u>\$ 2,777,339</u>	<u>\$ 1,213,256</u>	<u>\$ 3,990,595</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,295	\$ -	\$ 2,295
Sales tax payable	680		680
	<u>2,975</u>	<u>-</u>	<u>2,975</u>
Total liabilities	<u>2,975</u>	<u>-</u>	<u>2,975</u>
Fund Balances:			
Nonspendable:			
Prepaid expenditures	13,853		13,853
Perpetual care		704,684	704,684
Restricted:			
Maintenance		508,572	508,572
Assigned:			
Land reserve	2,291,637		2,291,637
Unassigned	468,874		468,874
	<u>2,774,364</u>	<u>1,213,256</u>	<u>3,987,620</u>
Total fund balances	<u>2,774,364</u>	<u>1,213,256</u>	<u>3,987,620</u>
	<u>\$ 2,777,339</u>	<u>\$ 1,213,256</u>	<u>\$ 3,990,595</u>
Total liabilities and fund balances	<u>\$ 2,777,339</u>	<u>\$ 1,213,256</u>	<u>\$ 3,990,595</u>

The notes to basic financial statements are an integral part of this statement.

GOLETA CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances, governmental funds \$ 3,987,620

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

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	3,228,017	
Accumulated depreciation		957,393	
Net			2,270,624

Deferred outflows related to pensions are only reported in the statement of net position.			128,624
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Long-term debt and compensated absences have not been included in the governmental funds activity:

Compensated absences		(27,739)	
Net pension liability		(515,888)	
OPEB liability		(217,422)	
Total			(761,049)

Deferred inflows related to pensions are only reported in the statement of net position.			(26,708)
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Total net position, governmental activities			\$ 5,599,111
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The notes to basic financial statements are an integral part of this statement.

GOLETA CEMETERY DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Permanent Fund</u>	<u>Totals</u>
Revenues:			
Property taxes	\$ 479,826		\$ 479,826
Intergovernmental	18,105		18,105
Interest	18,398	8,107	26,505
Burial rights	181,617		181,617
Charges for services	140,588		140,588
Miscellaneous	491		491
Endowment care		32,000	32,000
	<hr/>	<hr/>	<hr/>
Total revenues	839,025	40,107	879,132
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	453,416		453,416
Services and supplies	195,414		195,414
Capital outlay	187,765		187,765
	<hr/>	<hr/>	<hr/>
Total expenditures	836,595		836,595
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	2,430	40,107	42,537
	<hr/>	<hr/>	<hr/>
Fund balances, July 1	2,771,934	1,173,149	3,945,083
	<hr/>	<hr/>	<hr/>
Fund balances, June 30	<u>\$ 2,774,364</u>	<u>\$ 1,213,256</u>	<u>\$ 3,987,620</u>

The notes to basic financial statements are an integral part of this statement.

GOLETA CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - governmental funds	\$ 42,537
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$187,765 were more than depreciation expense of \$64,466 in the period.	123,299
In the statement of activities, compensated absences are measured by the amounts earned during each fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). This fiscal year, vacation earned exceeded the amounts used by \$4,721.	(4,721)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between pension costs and actual employer contributions was:	16,375
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contributions was:	<u>(75,834)</u>
Change in net position - governmental activities	<u>\$ 101,656</u>

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Goleta Cemetery District (the District) is an independent division of local government authorized by California Health and Safety Code Section 8890 et seq. The District is governed by a Board of Trustees appointed by the County Board of Supervisors to serve four terms or until successors are appointed and qualified.

B. Reporting Entity

The reporting entity is the Goleta Cemetery District. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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 those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use except for endowment interest, it is the District’s policy to use restricted resources first then unrestricted resources as they are needed. In the case of endowment interest, unrestricted funds are used first.

F. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District’s resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District’s accounts are organized into two major funds, as follows on the next page:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting (Continued)

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Permanent Fund* was created to account for funds received for future maintenance and care of the cemetery. The interest earned on the principal in the fund may be used for the general operation of the District. The fund principal may never be spent.

G. Budgets and Budgetary Accounting

The District adopts an annual budget on or before August 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Trustees may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Trustees; hence, they legally are one year contracts with an option for renewal for another fiscal year.

H. Investments

Investments are stated at fair value.

I. Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefitted.

J. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

K. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of two years.

Capital assets include public domain (infrastructure) capital assets placed in service after June 30, 1980, consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

Equipment	7 to 10 years
Structures	10 to 50 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 6 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 6 for a detailed listing of the deferred inflows of resources the District has reported.

M. Pensions

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

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund from which it will be paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. The District's policy is to record the current cost of sick leave only when it is used.

R. Fund Balances

Fund balance of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 74	"Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 77	"Tax Abatement Disclosures"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 78	"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 79	"Certain External Investment Pools and Pool Participants"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 80	"Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

NOTE 2 - CASH AND INVESTMENTS

The District maintains substantially all of its cash in the Santa Barbara County Treasury. The County Treasurer pools and invests the District's cash with other funds under her control. Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool.

Investments are carried at fair value. On June 30, 2016, the District had the following cash and investments on hand:

Cash and investments on deposit with County Treasurer	\$ 3,969,886
Petty cash	<u>200</u>
Total cash and investments	<u>\$ 3,970,086</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	\$ <u>3,970,086</u>
Total cash and investments	<u>\$ 3,970,086</u>

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Santa Barbara County Investment Pool, however, that pool is not measured under Level 1, 2 or 3.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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 District 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 District's investments to market interest rate fluctuations is provided by the following table, that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Santa Barbara County Investment Pool	\$ 3,969,886	\$ 3,969,886	\$ -	\$ -	\$ -
Total	\$ 3,969,886	\$ 3,969,886	\$ -	\$ -	\$ -

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Santa Barbara County Investment Pool	\$3,969,886	N/A	\$ -	\$ -	\$ -	\$3,969,886
Total	\$3,969,886		\$ -	\$ -	\$ -	\$3,969,886

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

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 and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use government investment pools (such as Santa Barbara County Investment Pool).

Investment in Santa Barbara County Investment Pool

The District is a participant in the Santa Barbara County Investment Pool that is regulated by the California Government Code. The fair value of the District's investment in this pool is based upon the District's pro-rata share of the fair value provided by the Santa Barbara County Investment Pool for the entire Santa Barbara County Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara County Investment Pool, which are recorded on an amortized cost basis.

NOTE 3 - PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of Santa Barbara for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes.

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 – CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental activities:					
Nondepreciable capital assets:					
Land	\$ 845,871	\$ -	\$ -	\$ -	\$ 845,871
Construction in progress	19,906	167,845		(131,086)	56,665
Total nondepreciable capital assets	<u>\$ 865,777</u>	<u>\$ 167,845</u>	<u>\$ -</u>	<u>\$ (131,086)</u>	<u>\$ 902,536</u>
Depreciable capital assets:					
Buildings and improvements	\$ 1,896,532	\$ -	\$ -	\$ 131,086	\$ 2,027,618
Equipment	277,943	19,920			297,863
Total depreciable capital assets	2,174,475	19,920		131,086	2,325,481
Less accumulated depreciation	892,927	64,466			957,393
Net depreciable capital assets	<u>\$ 1,281,548</u>	<u>\$ (44,546)</u>	<u>\$ -</u>	<u>\$ 131,086</u>	<u>\$ 1,368,088</u>
Net capital assets	<u>\$ 2,147,325</u>	<u>\$ 123,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,270,624</u>

NOTE 5 – LONG-TERM DEBT

Changes in long-term liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 23,018	\$ 19,612	\$ 14,891	\$ 27,739	\$ -
Net pension liability	438,833	161,754	84,699	515,888	
OPEB payable	141,588	75,834		217,422	
	<u>\$ 603,439</u>	<u>\$ 257,200</u>	<u>\$ 99,590</u>	<u>\$ 761,049</u>	<u>\$ -</u>

NOTE 6 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The District provides pension benefits to eligible employees through cost sharing multiple-employer defined benefit pension plans administered by the Santa Barbara County Employees' Retirement System (SBCERS). Members of the pension plans include all permanent employees working full time, or at least 50% part time for the County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control district, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court. SBCERS issues publicly available financial report that maybe obtained at <http://cosb.countyofsb.org/sbcers/default.aspx?id=19040>.

NOTE 6 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Plan Description (Continued)

SBCERS was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for employees of the County and participating districts. The Santa Barbara County Board of Supervisors and the governing boards of the participating districts adopt resolutions, as permitted by the California State Government Code §31450 (County Employees' Retirement Law of 1937 (CERL)), which affect the benefits of the SBCERS members. SBCERS is governed by the California Constitution; CERL; and the bylaws, policies and procedures adopted by the SBCERS' Board of Retirement.

SBCERS administers six County pension plans. With the passage of the Public Employees Pension Reform Act ("PEPRA"), the County established a new pension plan, Plan 8, with two rate tiers – one for safety and one for general members. As of January 1, 2013, Plan 8 is the only pension plan available to new employees. PEPRA made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including increasing minimum retirement ages, increasing the percentage required for member contributions, and excluding certain types of compensation as pensionable. PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs.

Summary of Plans and Eligible Participants

Open for New Enrollment:

General Plan 8 General members hired on or after January 1, 2013 may continue in plan.

Closed to New Enrollment:

General Plan 5A General members hired before June 25, 2012 may continue in plan.

Benefits Provided

All pension plans provide benefits, in accordance with CERL regulations, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing 5 years (or 10 years for Plan) of retirement service credit (5 or 10-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 or 10 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). General Plan 2 participants receive disability benefits through a long-term insurance policy. Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans except General Plan 2. COLAs are granted to eligible retirement members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the pension plans.

Specific details for the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the SBCERS' Comprehensive Annual Financial Report (CAFR). The SBCERS' CAFR is available online at <http://cosb.countyofsb.org/sbcers/default.aspx?id=19040>.

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the County’s contractually required contributions (formerly known as the actuarially required contribution (ARC)) rate for the year ended June 30, 2016, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plan from the District were \$87,150 for the year ended June 30, 2016. Active members are plan members who are currently accruing benefits and/or playing contributions into the applicable plan.

Employer and employee contribution rates and active members for each plan are as follows:

	<u>Employer Contribution</u> Rates	<u>Employee Contribution</u> Rates	<u>Active Members</u>
General Plan 5A	31.41%	2.08-4.46%	4

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

At June 30, 2016, the District reported a liability of \$515,888 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2015, the District’s proportion was 0.0709%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$70,775. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Pension contributions subsequent to measurement date	\$ 87,150	\$ -
Differences between expected and actual experience		15,825
Change in assumptions		
Net difference between projected and actual earnings on retirement plan investments	24,907	
Adjustment due to differences in proportions	16,567	5,938
Difference in actual contributions and proportionate share of contributions		4,945
	<u>\$ 128,624</u>	<u>\$ 26,708</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 – PENSION PLAN (Continued)

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

\$87,150 was reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017.

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

Fiscal year Ending June 30,	<u>Amount</u>
2017	\$ (1,090)
2018	(1,090)
2019	(1,090)
2020	18,036
	<u>\$ 14,766</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation	3.00%
Amortization growth rate	3.50%
Salary increases	3.50% plus merit component
COLA increases	2.75% for those with a 3.00% COLA cap; 2.00% for those with a 2.00% COLA cap
Investment rate of return	7.50% net of investment expense
Post-retirement Benefit Increases	Sex distinct RP-2000 Combined Mortality, projected with generational improvements using Scale BB

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013. Based upon the results of the 2013 actuarial experience study, there were no changes to the assumptions from the prior valuation.

The long-term expected rate of return of pension plan investments (7.5 percent) 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 arithmetic real rates of return for each major asset class are summarized in the following table:

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 – PENSION PLAN (Continued)

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

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	23%	5.40%
Investment grade bonds	10%	0.70%
Emerging market non-U.S. equity	10%	8.80%
Developed market non-U.S. equity	9%	6.00%
Private equity	7%	7.20%
Tips	7%	0.40%
Private real estate	6%	4.00%
High yield bonds	4%	3.60%
Foreign bonds	4%	-0.30%
Emerging market bonds	3%	3.50%
Natural resources (private)	3%	6.40%
Commodities	3%	2.20%
Bank loans	2%	2.40%
Infrastructure (private)	2%	4.50%
Infrastructure (public)	2%	5.60%
Natural resources (public)	2%	6.10%
Real Estate Investment Trusts	2%	4.00%
Frontier market equity	1%	7.60%
Cash	0%	-0.20%
Small cap	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, 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 (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension plan liability	\$ 839,465	\$ 515,888	\$ 250,888

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 – PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position

Detailed information about pension plan's fiduciary net position is available in the separately issued SBCERS financial reports.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District provides post-retirement medical benefits to all retirees who retire from the District with ten years of service and have reached the minimum age of 57. The duration of the benefits are for the remainder of the retiree's life.

Funding Policy

The District is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the alternative measurement method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5 percent. The actuarial value of plan assets was not calculated in this, for the first actuarial valuation, as there are no assets to value. The Plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

The District did not pre-fund retiree healthcare costs nor establish an irrevocable trust for retiree healthcare costs.

Survivors of Eligible Retired Participants (Spouses and Dependents) continue to receive the retiree's benefit.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2016, the amount actually contributed to the plan (including administrative costs), and changes in the District's Net OPEB Obligation/(Asset):

	Fiscal Year Ended <u>June 30, 2016</u>
Annual required contributions	\$ 70,170
Interest on net OPEB obligation/(asset)	5,664
Annual OPEB costs (expense)	<u>75,834</u>
Contributions made	
Increase in net OPEB obligation/(asset)	<u>75,834</u>
Net OPEB obligation/(asset)-beginning of fiscal year	141,588
Net OPEB obligation/(asset)-end of fiscal year	<u><u>\$ 217,422</u></u>

GOLETA CEMETERY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset) (Continued)

The District's Annual OPEB cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation (Asset) are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ 41,330	\$ 0	0%	\$ 70,170
2015	\$ 72,977	\$ 1,559	2%	\$ 141,588
2016	\$ 75,834	\$ 0	0%	\$ 217,422

The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2013	\$ -	\$ 503,638	\$ 503,638	0%	\$ 434,431	115.9%

NOTE 8 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

REQUIRED SUPPLEMENTARY INFORMATION

GOLETA CEMETERY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - Property	\$ 460,800	\$ 460,800	\$ 479,826	\$ 19,026
Intergovernmental	2,500	2,500	18,105	15,605
Interest	6,792	6,792	18,398	11,606
Burial rights	120,000	120,000	181,617	61,617
Charges for services	106,000	106,000	140,588	34,588
Miscellaneous	2,000	2,000	491	(1,509)
Total revenues	698,092	698,092	839,025	140,933
Expenditures:				
Salaries and benefits	460,100	460,100	453,416	6,684
Services and supplies	222,600	222,600	195,414	27,186
Capital outlay	902,000	902,000	187,765	714,235
Total expenditures	1,584,700	1,584,700	836,595	748,105
Excess of revenues over (under) expenditures	(886,608)	(886,608)	2,430	889,038
Fund balance, July 1	2,771,934	2,771,934	2,771,934	
Fund balance, June 30	<u>\$ 1,885,326</u>	<u>\$ 1,885,326</u>	<u>\$ 2,774,364</u>	<u>\$ 889,038</u>

GOLETA CEMETERY DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2016

The following table provides required supplementary information regarding the District's post employment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2013	\$ -	\$ 503,638	\$ 503,638	0%	\$ 434,431	115.9%
June 30, 2012	\$ -	\$ 146,536	\$ 146,536	0%	\$ 250,417	58.5%

GOLETA CEMETERY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2016

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0709%	0.0719%
Proportionate share of the net pension liability	\$ 515,888	\$ 438,833
Covered- employee payroll	\$ 264,476	\$ 260,546
Proportionate share of the net pension liability as percentage of covered-employee payroll	195.1%	168.4%
Plan's total pension liability	\$ 3,260,156,781	\$ 3,123,968,401
Plan's fiduciary net position	\$ 2,532,528,974	\$ 2,513,629,759
Plan fiduciary net position as a percentage of the total pension liability	77.68%	80.46%

Notes to Schedule:

Changes in assumptions

In 2016, there were no changes in benefits or assumptions.

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

GOLETA CEMETERY DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2016

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 87,641	\$ 85,725
Contribution in relation to the actuarially determined contributions	87,150	84,699
Contribution deficiency (excess)	<u>\$ 491</u>	<u>\$ 1,026</u>
Covered- employee payroll	\$ 264,476	\$ 260,546
Contributions as a percentage of covered-employee payroll	33.1%	32.9%

Notes to Schedule

Valuation Date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age

Asset valuation method

5-year smoothed market

Amortization method

The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll

Discount rate

7.75%

Amortization growth rate

3.75%

Price Inflation

3.25%

Salary increases

3.75% plus merit component based on employee classification and years of service

Mortality

Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.