Tulare Public Cemetery District

Audited Financial Statements and
Supplementary Information
June 30, 2017

Tulare Public Cemetery District

Tulare, California
June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tulare Public Cemetery District
Tulare, California

We have audited the accompanying statements of net position of Tulare Public Cemetery District (the District) as of June 30, 2017, and the related statement of changes in fund balance/net position for the year then ended.

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 the 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 *State Controller's Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial Position of the Tulare Public Cemetery District, as of June 30, 2017, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information contained in Schedules I through VI as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These Activity Summaries have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tulare, California
December 18, 2017

The Tulare Public Cemetery District ("District") was formed in 1927 and operates under the California Health & Safety Code regarding public cemetery districts. The District is governed by a Board of Directors which is appointed by the Tulare County Board of Supervisors. The District has a full-time grounds manager, office manager, secretary, and four additional employees which are responsible for providing burial services and upkeep of the cemetery grounds.

The District encompasses approximately 100 acres of land (approximately 58 developed acres and 42 undeveloped acres of land) on two cemetery sites, known as North Tulare Cemetery and Tulare Cemetery. The District has a potential of approximately 40,000 burial sites between the two cemeteries developed acreage. The District also has a Niche Wall and Hexagon-shaped niche wall available for above ground cremation interments at the Tulare Cemetery site.

The District is an endowment care facility. Additional funds are collected with each burial and are reserved in a separate fund for the future maintenance and upkeep of the District facilities.

As a public cemetery, the District receives an allocation of property tax revenue from Tulare County paid by members of the District. The District received $154,751 in the current fiscal year in property tax allocations. These funds are used to supplement the burial service fees to cover the current operating costs of the District.

Discussion on the basic financial statements:

Government Wide Statements
The government wide statements present the financial picture of the District as measured by its total economic resources using the accrual basis of accounting. This is similar to that used by private sector companies. These statements provide both short-term and long-term information about the District's financial status as a whole. The statement of net position and statement of activity include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activity regardless of when cash is received or paid.

The government wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the District's financial health or position. Over time, increase or decrease in the District's net position are indicators of whether its financial position is improving or deteriorating. To further assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the Districts population, the ability to adjust service charges and the impact of changes in laws and regulations that may apply to the District.

The government wide financial statements in these financial statements include only governmental type activities.

Fund Financial Statements
The fund financial statements present the financial picture of the District in more detail that the government wide statements by describing the individual parts or funds. Funds are used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and the District itself may establish other funds to control and manage assets for particular purposes at its discretion.

The District has only one fund type known as a governmental fund. Governmental fund types are presented on the modified accrual basis of accounting and a current resources focus. Assets expected to be used up and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

The following condensed financial information is provided:

Condensed Statement of Net Position

	General Fund	Endowment Care Fund	Totals
Assets	$ 1,585,743	$ 1,775,192	$ 3,360,935
Deferred Outflows of Resources	68,056	0	68,056
Total Assets and Deferred Outflows of Resources	$ 1,653,799	$ 1,775,192	$ 3,428,991
Current Liabilities	$ 59,916	$ 0	$ 59,916
Long-Term Liabilities	17,587	0	17,587
Total Liabilities	77,503	0	77,503
Deferred Inflows of Resources	76,489	0	76,489
Net Position	1,499,807	1,775,192	3,274,999
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,653,799	$ 1,775,192	$ 3,428,991

Condensed Statement of Governmental Fund Revenues, Expenses and Changes in Net Position:

	General Fund	Endowment Care Fund	Totals
Total revenues	$ 852,128	$ 86,564	$ 938,692
Total expenditures	(897,693)	0	(897,693)
Total transfers	30,000	(30,000)	0
Net increase in net position	$ (15,565)	$ 56,564	$ 40,999

Management comments on the condensed financial information

It is the opinion of District management that the District continues to be in good financial condition. The District has sufficient assets to cover liabilities and has adequate cash flow to meet current obligations.

The Districts general fund net position increased from the prior year by $40,999.

Condensed budget comparison:

The District prepares an annual budget of projected revenue and expenditures. The District's board of directors reviews and adopts the budget as an operating guideline for the year. A condensed version of the budget is presented below:

	All government funds	
	Budget	Actual
Revenues	$1,040,000	$ 938,692
Expenditures	(1,062,000)	(970,546)
Excess of expenditures over revenues	$ (22,000)	$ (31,854)

Management comments on budget results:

District revenues are variable due to the burial options chosen by families and the number of interments during the year. Numbers of burials were less than projected. Interest rates during this fiscal period for Endowment Care funds were greater than projected. Salaries were lower than budgeted for. Repairs and maintenance costs were lower than budgeted for on the cemetery grounds. Total end of year balances reflects adequate overall increases in net position.

Management comments on current year burial services:

The District burial numbers for the past five years are presented below:

Burials July 1st through June 30th for Fiscal Years Ending:	
2017	327
2016	346
2015	376
2014	310
2013	310

The District has adequate property to provide continued burial services for a number of future years.

Current burial fees of the District are summarized as follows:

Ground burials, resident	\$2,718.98 - \$3,732.98
Ground burials, non-resident	\$3,268.98 - \$4,282.98
Cremation ground, resident	\$ 961.38 - \$1,512.38
Cremation ground, non-resident	\$1,511.38 - \$2,062.38
Cremation Niche Wall, resident	\$ 871.00 - \$1,311.00
Cremation Niche Wall, non-resident	\$1,109.00 - \$1,549.00
Cremation Hexagon No. 1, resident	\$ 350.00 - \$1,227.00
Cremation Hexagon No. 1, non-resident	\$ 790.00 - \$1,667.00

Note: The above amounts include the cost of the grave or niche and endowment care fee, if applicable.

Management comments on the investment of District funds:

The responsibility for the accounting and investment of District funds resides with the Board of Directors. The Board is limited in its investment choices by the applicable sections of the California Health and Safety code. Currently the District keeps its excess funds with the County of Tulare and Morgan Stanley. These funds are managed by the Tulare County Treasurer and the Board of Director's to achieve an adequate return with minimal risk.

Management comments on capital assets and long-term debt:

The Districts capital assets consist of land, buildings, and equipment. The land comprises approximately 100 acres and has been engineered to provide burial plots. The buildings include the District office, a Niche Wall for cremations, and miscellaneous other service structures. The District has various types of equipment to provide burial services and grounds maintenance.

The District has approximately 42 acres of undeveloped land, at the North Tulare Cemetery site that is currently being farmed; until needed for future expansion of the cemetery.

The District has no substantial long-term debt.

Management comments on reserved funds:

The District has funds reserved for future maintenance and upkeep of the District property. This reserve, referred to as Endowment Care, is required under the California Health and Safety code. The reserve is comprised of endowment care funds collected for each burial service performed. These funds are transferred to a separate fund, maintained by Tulare County. The District also has additional funds allocated to Endowment Care held in Morgan Stanley. The current reserved Endowment Care funds are approximately $1,490,000. The funds earn interest each year, which is maintained in an unreserved account and is available for use by the District. The current unreserved portion is approximately $284,000.

The District also maintains a separate reserve fund for future expansion of the North Tulare Cemetery site. These funds are comprised of amounts received by the District in the general fund and are to be utilized for developing future burial sites.

The District also provides miscellaneous general fund reserves for inventory purchases.

The basic financial statements and notes follow this management discussion and analysis.

Tulare Public Cemetery District

Governmental Funds Balance Sheet / Statement of Net Position
June 30, 2017

	General Fund	Endowment Care Fund	Totals	Adjustments (Note 6)	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	$ 79,399	$ 4,905	$ 84,304	$ 0	$ 84,304
Accrued interest receivable	0	53	53	0	53
Prepaid expense	21,007	0	21,007	0	21,007
Inventory	13,879	0	13,879	0	13,879
Investments	200,270	1,770,234	1,970,504	0	1,970,504
Net pension asset	504,069	0	504,069	0	504,069
Capital assets, net of accumulated depreciation	0	0	0	767,119	767,119
Total assets	818,624	1,775,192	2,593,816	767,119	3,360,935
DEFERRED OUTFLOWS OF RESOURCES	68,056	0	68,056	0	68,056
Total assets and deferred outflows of resources	$ 886,680	$ 1,775,192	$ 2,661,872	$ 767,119	$ 3,428,991
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts payable	$ 51,122	$ 0	$ 51,122	$ 0	$ 51,122
Accumulated compensated absences	8,794	0	8,794	0	8,794
Total current liabilities	59,916	0	59,916	0	59,916
Long-Term Liabilities					
Accumulated compensated absences	0	0	0	17,587	17,587
Total liabilities	59,916	0	59,916	17,587	77,503
DEFERRED INFLOWS OF RESOURCES	149,493	0	149,493	0	149,493
FUND BALANCES / NET POSITION					
Reserved for inventories and contingencies	104,379	0	104,379	(104,379)	0
Reserved for expansion	34,907	0	34,907	(34,907)	0
Reserved for Endowment Care	0	1,490,104	1,490,104	(1,490,104)	0
Unreserved	537,985	285,088	823,073	(823,073)	0
Total fund balances	677,271	1,775,192	2,452,463	(2,452,463)	0
Total liabilities, deferred inflows of resources, and fund balances	$ 886,680	$ 1,775,192	$ 2,661,872		
Net Position					
Investment in capital assets, net of related debt				767,119	767,119
Restricted for Endowment Care				1,490,104	1,490,104
Unrestricted				944,772	944,772
Total net position				$ 3,201,995	$ 3,201,995

See independent auditors' report and accompanying notes

Tulare Public Cemetery District

Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Net Postion
For the year ended June 30, 2017

	General Fund	Endowment Care Fund		Totals	Adjustments (Note 6)	Statement of Activities
		Interest	Principle			
REVENUES						
Property taxes, including penalties and inter	$ 154,751	$ 0	$ 0	$ 154,751	$ 0	$ 154,751
Fees and services	630,595	0	61,789	692,384	0	692,384
Grant income	51,194	0	0	51,194	0	51,194
Use of money, interest	2,774	24,331	0	27,105	0	27,105
Pension income	4,741	0	0	4,741	0	4,741
Gain (Loss) on Investments	(327)	444	0	117	0	117
Use of property, crop share	8,400	0	0	8,400	0	8,400
Total revenues	852,128	24,775	61,789	938,692	0	938,692
EXPENDITURES						
Salaries, employee benefits and payroll	396,505	0	0	396,505	38	396,543
Director's fees	1,050	0	0	1,050	0	1,050
Purchases of grave liners and vaults	57,730	0	0	57,730	0	57,730
Security	3,607	0	0	3,607	0	3,607
Insurance	39,214	0	0	39,214	0	39,214
Repairs, maintenance, and grounds	239,009	0	0	239,009	0	239,009
Office expense	4,866	0	0	4,866	0	4,866
Professional and legal costs	15,853	0	0	15,853	0	15,853
Taxes	11,869	0	0	11,869	0	11,869
Utilities	45,287	0	0	45,287	0	45,287
Repurchase of lots	9,644	0	0	9,644	0	9,644
Capital outlay	136,961	0	0	136,961	(136,961)	0
Depreciation	0	0	0	0	64,070	64,070
Miscellaneous	8,951	0	0	8,951	0	8,951
Total expenditures	970,546		0	970,546	(72,853)	897,693

See independent auditors' report and accompanying notes

Tulare Public Cemetery District

Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Net Postion
For the year ended June 30, 2017

	General Fund	Endowment Care Fund		Totals	Adjustments (Note 6)	Statement of Activities
EXCESS REVENUES OVER EXPENDITURES	$ (118,418)	$ 24,775	61,789	$ (31,854)	$ 72,853	$ 40,999
OTHER FINANCING SOURCES (USES)						
Transfers - internal activities	30,000	(30,000)	0	0	0	0
Total other financing sources (uses)	30,000	(30,000)	0	0	0	0
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	(88,418)	(5,225)	61,789	(31,854)	31,854	0
Change in net position					40,999	40,999
Fund balances / Net position, beginning of year	765,689	290,314	1,428,314	2,484,317	0	3,160,996
Fund balances / Net position, end of year	$ 677,271	$ 285,089	$ 1,490,103	$ 2,452,463	$ 0	$ 3,201,995

See independent auditors' report and accompanying notes

NOTE 1 – Summary of Significant Accounting Policies

The Tulare Public Cemetery District (the "District") was established August 1, 1927, under the State Cemetery District Act of 1909 and as subsequently amended. It was later incorporated in the California Health and Safety Code of 1939. At the time of organization, the Tulare Public Cemetery District took over the then existing Tulare City Cemetery, which had been in operation for approximately fifty years. The District operates as a special district under California Law and is subject to applicable sections of the Health and Safety Code. The District operates under a Director - Manager form of government and provides for cemetery services to the general public. The District's Board of Directors is appointed by the Tulare County Board of Supervisors.

The accounting policies of the District conform to generally accepted accounting principles as applicable to government agencies. The following is a summary of the more significant provisions:

1. The Reporting Entity

   For financial reporting purposes, the reporting entity includes all funds and authorities for which the District holds corporate powers. The Governmental Accounting Standards Board (GASB) has established criteria in determining financial accountability. The criteria include appointment of a majority of the voting members of an organization's governing board, and either (1) the District has the ability to impose its will on the organization, or (2) there is potential for the organization to provide specific financial benefits to or impose specific financials burdens on the District.

   These financial statements represent the Tulare Public Cemetery District, the primary government. The District is a legally separate entity which possesses the power to tax and assess fees on property. The District is considered a California Special District and is subject to California laws and regulations, including the Health and Safety Code as applicable to Public Cemeteries. Tulare County exercises no significant controlling power over the District and, accordingly, the District is not considered a component unit of the County. Further, the District has no component units; it has not created any separate political subdivisions and does not exercise any political or financial control over any other entity.

2. 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 by providing a separate set of self-balancing accounts which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenditures. Government resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types as follows:

   GOVERNMENTAL FUND TYPES

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

   Endowment Care Fund - The Endowment Care Fund is a special revenue fund used to account for the endowment care revenues and expenditures. The District is required, by law, to maintain this fund. The purpose of this fund is to provide sufficient funds to properly maintain the cemetery grounds once all available grave sites have been used. The District currently has not been required to expend any funds for endowment care because the Cemetery still has available grave sites to be sold.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

3. Basis of Presentation – Government Wide and Fund Financial Statements

Government wide financial statements are comprised of the statement of net position and the statement of activities. They contain information on all the activities of the primary government and are presented on the accrual basis of accounting. The statement of net position and statement of activity include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activity regardless of when cash is received or paid.

The fund financial statements are comprised of the governmental funds balance sheet and the statement of governmental revenues, expenditures and changes in fund balances. These statements reflect the activity of the various governmental funds of the District and are accounted for on the modified accrual basis of accounting. Assets expected to be used up, deferred outflows of resources and deferred inflows of resources in existence, and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

4. Net Position

Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances and unspent debt proceeds related to the acquisition, construction, or improvement of the capital assets.
- Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints included those imposed by debt indentures, grants or law and regulations of other governments, by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net amount of assets, deferred outflows of resources, liabilities, and deferred inflows that do not meet the definition of restricted or net investment in capital assets.

5. Basis of Accounting

The basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

6. Budgets and Budgetary Accounting

The District follows these procedures in establishing budgetary data reflected in these financial statements:

a. Formal budgets are established and approved by the Tulare County Board of Supervisors for all fund types. These budgets are used as a management control device and are adopted on a basis consistent with generally accepted accounting principles.

b. The Budgetary Comparison Schedule - budget and actual present comparisons of legally adopted budgets with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with generally accepted accounting principles, no additional reconciliation is required.

c. The Tulare County Board of Supervisors approves total budget appropriations only. The District's Board of Directors can authorize transfers between departments in any fund.

d. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

7. Cash and Investments

The District follows the practice of pooling cash and investments of all funds with the County Treasurer, except for investments of the Endowment Care Fund and Imprest Funds.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - All deposits with financial institutions must be collateralized if deposits are uninsured. The District's deposits were all fully insured by the Federal Deposit Insurance Corporation.

Investments – Investments are carried at their fair market value, in accordance with GASB issued Statement No. 72, *Fair Value Measurement and Application*. Investment income includes both realized gains and losses and the unrealized changes in the fair market value of the investments. The District is authorized to make investments of Endowment Care Funds. The types of investments are limited to those allowed by Article 4 of the Health and Safety Code. During the fiscal year, the District had investments in U.S. Treasury Notes, which are qualified investments under the regulations.

Cash and investment information is summarized in Notes 2 and 3.

8. Property, Plant, and Equipment

The District's property, plant, and equipment are recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisitions and replacements are charged to operating expenses as incurred. Interest cost incurred that is related to the construction of property is capitalized.

All property, plant, and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. The District has no donated assets.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

8. Property, Plant, and Equipment (Continued)

Depreciation is computed on the straight-line method using the following estimated useful lives:

Buildings and Improvements	10 – 20 Years
Equipment	5 – 20 Years

9. Inventory

Inventory consists of grave liners and vaults held for future use. Inventories are stated at the lower of cost or market accounted for on the consumption method.

10. Accumulated Compensated Absences

Employees are allowed to accrue up to twenty-four days of sick leave. Accrued compensated absences have been provided for based upon each employee's unused sick leave and vacation at June 30, 2017, at the employee's current pay rate.

11. Revenue Recognition - Property Taxes

Real property taxes attach as an enforceable lien on property five years from the end of the applicable tax year. Unsecured property taxes attach as an enforceable lien after the penalty date, which varies depending upon when the unsecured taxes were billed. Taxes are levied on March 1, and are due and payable at that time. One half of the unpaid real property taxes levied March 1, become delinquent December 10, of the current year and the remaining half become delinquent April 10, of the following year.

In a prior year, Tulare County (tax collecting agency for the District), adopted the "Teeter Plan." The Teeter Plan is an alternative procedure for the distribution of property tax revenues under Revenue and Taxation Code Sections 4701 through 4717. The Teeter Plan provides for a buyout of prior secured taxes, and advance payments of the secured levy throughout the year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

12. Reserves of Net Position

The District records reserves, and also designates amounts, to indicate that a portion of the general or special revenue fund is segregated for specific future uses. All Principal Endowment Care funds are reserved for future cemetery maintenance.

The District has also designated amounts in the General Fund as follows:

Contingencies	$ 90,500
Inventory	13,879
Expansion of cemetery	34,907
Total reserves	$ 139,286

Designated amounts for inventory are required because they do not represent "available spendable resources," even though they are a component of net current assets.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

13. Designations
During fiscal year ending June 30, 2017, the District designated $9,385 of general funds for future expansion of the cemetery.

14. Recent Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application (GASB 72).* This Statement establishes standards for accounting and financial reporting for fair value measurements. The Statement requires investments to be measured at fair value and permits the use of net asset value as the fair value when an investment does not have a readily determinable fair value. Fair value is defined as 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. Implementation of GASB 72 resulted in additional disclosures of investments and other assets reported at fair value within the fair value hierarchy. The disclosures are presented in a table displaying the major categories of assets and liabilities measured at fair value and separated into the level of the hierarchy on which fair value is based (see Note 7).

15. Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, the pension expense, information about the fiduciary net position of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

16. Subsequent Events
Subsequent events have been evaluated through December 18, 2017 which is the date the financial statements were available to be issued.

NOTE 2 – Cash and Cash Equivalents

The District's cash at June 30, 2017 consisted of the following held at Bank of America:

General Fund	$ 79,399
Endowment Care Fund	$ 4,905

The District's cash deposits are held at Bank of America and are insured under the Federal Deposit Insurance Corporation ("FDIC") guidelines.

NOTE 3 – Investments

Investments at June 30, 2017, consisted of the following:

	Total
General Fund (Cemetery Operations) – County Investment Pool (net of warrants payable) (1)	$ 165,420
General Fund (Expansion Fund) – County Investment Pool (1)	34,850
Total General Fund Investments	$ 200,270
Endowment Care – County Investment Pool (1)	$ 1,441,751
Morgan Stanley	
Endowment Care – Certificates of Deposit (2)	67,774
Endowment Care – Money Market (3)	260,709
Total Endowment Care Fund Investments	$ 1,770,234

(1) The County Investment Pool funds are held by Tulare County and are pooled with other county agencies. The District relies upon information from the County of Tulare to report the fair value of its funds held by the County. Any changes in the fair value of these funds are recorded as interest income in the District's financial statements. The pool's exposure to risk (credit, market, or legal) is not currently available. These investments are carried at the value reported by the County Investment Pool, net of warrants payable at June 30, 2017.

(2) Certificates of Deposits are held by U.S. financial institutions and are insured under FDIC guidelines. These investments are carried at cost. The market value of the investments fluctuates according to market interest rates. The District generally holds these investments until their maturity. The latest date of maturity on these investments is December 24, 2018. The market value of these investments as of June 30, 2017 is $67,774 and the average rate of return is 5.00%.

(3) Money Market Funds are open-ended mutual funds that invest in short-term debt securities such as US Treasury bills and commercial paper. Money market funds are widely regarded as being as safe as bank deposits yet provide a higher yield. An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. The market value of these investments as of June 30, 2017 is $130,241 and the average rate of return is variable.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. Local financial institutions, under California state law, are required to collateralize local government agency deposits in excess of FDIC insured amounts up to $250,000. As of June 30, 2017, all of the District's deposits in financial institutions were under the insured limits.

NOTE 3 – Investments (Continued)

Interest Rate Risk – Investments
The District limits its investment to those allowed by the California Government Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments
The District's investment policy is in accordance with the California Government Code. As of June 30, 2017, the District's investments were held in County investment pools, the majority in Tulare County. The credit ratings for the investments held in the investment pools are available in the investment reports issued by the investment pools. For Tulare County, the majority of assets are held in AA or AAA (Moody's rating) investments.

Concentration of Credit Risk
The District's diversifies its investment by institution to avoid risk of loss resulting from over concentration of assets in a specific institution.

NOTE 4 – Capital Assets

The following is a summary of the changes in Capital Assets:

Cost:	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Land	$ 129,465	$ 0	$ 0	$ 129,465
Buildings	225,693	3,049	0	228,742
Improvements	1,188,629	50,698	0	1,239,327
Office furniture	35,960	753	0	36,713
Shop tools and equipment	28,248	0	0	28,248
Vehicles, trucks, and tractors	274,870	20,459	0	295,329
Grave equipment	60,890	0	0	60,890
Lawn maintenance equipment	97,353	62,002	0	159,355
Total	$ 2,041,108	$ 136,961	$ 0	$ 2,178,069

Accumulated Depreciation:	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Buildings	$ 136,274	$ 5,948	$ 0	$ 142,222
Improvements	797,057	36,473	0	833,530
Office furniture	31,486	831	0	32,317
Shop tools and equipment	25,312	697	0	26,009
Vehicles, trucks, and tractors	219,046	9,239	0	228,285
Grave equipment	53,722	1,080	0	54,802
Lawn maintenance equipment	83,983	9,802	0	93,785
Total	$ 1,346,880	$ 64,070	$ 0	$ 1,410,950

NOTE 5 – Defined Benefit Pension Plan

A. GENERAL INFORMATION

Plan Description
All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Tulare Public Cemetery part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as common investment and administrative agent for participating member employers. Benefits provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided
CalPERS provides 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 full time employment. The basic benefit will be 2% of "final compensation" for each year of credited service upon retirement at age 60. Final compensation is defined as the average monthly pay during the last 36 consecutive months of work or another period of 36 consecutive months selected by the member if the average pay rate was higher. 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 adjustment for each plan is applied as specified by the Public Employee's Retirement law.

Benefit Formula	2.0% @ 60
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.0% - 2.5%

Employees Covered
At June 30, 2016, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	4
Active employees	7
Total	16

Contributions
Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE 5 - Defined Benefit Pension Plan (Continued)

B. NET PENSION LIABILITY

The District's net pension liability for the plan is measured as the total pension liability, less the pensions plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions
The total pension liabilities in the June 30, 2015 and June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post-Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% therein.

Change of Assumption
There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represents the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate
The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), the amortization and smoothing periods recently adopted by the Board were used. For the Plan, the crossover test was performed for a miscellaneous agent rate plan and a safety agent rate plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the rate plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rages 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the

NOTE 5 - Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

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

Asset Class	Current Allocation	1-Year Return	3-Year Return	5-Year Return
Global Equity	51.9%	9.3%	6.2%	5.9%
Global Fixed Income	20.3	0.99		2.43
Inflation Sensitive	6.0	(3.6)	(2.6)	(1.5)
Private Equity	9.0	1.7	10.0	9.7
Real Estate	10.8	6.0	10.6	11.1
Absolute Return Strategies	0.1	(1.7)	4.1	3.4
Liquidity	1.5	0.4	.06	1.1

NOTE 5 - Defined Benefit Pension Plan (Continued)

C. CHANGES IN THE NET PENSION LIABILITY

The Changes in the Net Pension Liability for the Plan is as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY (ASSET)
Balance at 6/30/2016	$ 1,539,627	$ 2,144,558	$ (604,931)
Changes in the year:			
Service cost incurred	11,180	0	11,180
Interest on the Total Pension Liability	53,499	0	53,499
Changes in Assumptions	55	0	55
Difference in Expected and Actual	0	628	(628)
Net Plan to Plan Resource Management	0	(1,235)	1,235
Employee contributions	0	21,071	(21,071)
Employer contributions	0	8,326	(8,326)
Projected earnings on Pension Plan Investments	0	11,091	(11,091)
Administrative expenses	0	349	(349)
Other changes not disclosed	5,263	(71,095)	76,358
Net changes	69,997	(30,865)	(100,862)
Balance at 6/30/2017	$ 1,609,624	$ 2,113,693	$ (504,069)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	**Current Discount Rate (7.65%)**	**Discount Rate + 1% (8.65%)**
Plan's Net Pension Liability/(Asset)	$ (287,363)	$ (504,069)	$ (683,165)

NOTE 5 - Defined Benefit Pension Plan (Continued)

D. PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2017, the District recognized pension income of $4,741. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$484	0
Changes of Assumptions	0	$5,940
Differences between Projected and Actual Investment Earnings	$30,913	0
Differences between Employer's Contributions and Actual Contributions	0	$64,362
Adjustment due to Differences in Expected vs. Actual Contributions	$16,504	$79,191
Adjustment due to Differences in Proportions	$20,155	0
Total	$68,056	$149,493

$20,155 reported 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Year Ended June 30	Amount
2018	(61,978)
2019	(53,436)
2020	5,815
2021	8,007

NOTE 6 – Adjustments

The following adjustments to the Governmental Funds Balance Sheet/Statement of Net Position and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities consist of:

1. The adjustments for capital assets, net of accumulated depreciation (Note 4) are added to the Statement of Net Position in the amount of $767,119.

2. Accumulated compensated absences in the amount of $17,587 are now reported as long-term liabilities and are added to the Statement of Net Position.

3. Various fund balances reserved or designated by the Board of Directors have been eliminated and are now reported as a component of Net Position.

4. Only current year accrued compensated absences (amounts expected to be paid within one year) are reported as a component of current year salaries and employee benefits.

5. Capital outlay expense in the amount of $136,961 is not reported.

6. Depreciation expense not previously reported is now reported as an addition to the Statement of Activities in the amount of $64,070.

7. The District's prior fiscal year ending June 30, 2016, fund balance in the amount of $3,160,996 includes the following items.

    a. Investment in Capital Assets, net of related debt of $694,228.
    b. Reserved funds for and Endowment Care $1,428,315.
    c. Unreserved Fund Balance in the amount of $1,038,453.

NOTE 7 – Fair Value Measurements

As discussed in Note 1, GASB 72 was adopted in 2016. GASB 72 defines fair value as 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 (an exit price). The District utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs that reflect the District's own assumptions about factors that market participants would use in pricing the asset or liability.

NOTE 7 – Fair Value Measurements (Continued)

The valuation methods of the fair value measurements are as follows:

- County Investment Pool – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted market prices.

- Certificates of deposit – valued at the closing price reported on the active market on which the paper is traded.

- Money Market – uses a net asset value as determined by the fund manager. Money market mutual fund may include several different underlying obligations, of which at least 80% of the net assets are invested in U.S.

The following table identifies the level within the fair value hierarchy that the District's financial assets and liabilities were accounted for on a recurring basis as of June 30, 2017. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The District's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

	Fair value as of June 30, 2017		
	Level 1	**Level 2**	**Total**
Investments, including cash and cash equivalents			
County Investment Pool	$ 1,721,202	$ 51,287	$ 1,772,489
Certificates of Deposit	67,774	0	67,774
Money market funds	130,241	0	130,241
	$ 1,919,217	$ 51,287	$ 1,970,504

Tulare Public Cemetery District

Supplementary Information

For the year ended June 30, 2017

Schedule I - Budgetary Comparison Schedule

	All Funds		Variance-Favorable
	Budget	Actual	(Unfavorable)
REVENUES			
Property taxes, including penalties and interest	$ 140,149	$ 154,751	$ 14,602
Fees and services	867,970	692,384	(175,586)
Use of money, interest	23,481	27,105	3,624
Pension income	0	4,741	4,741
Gain (Loss) on Investments	0	117	117
Use of property, crop share	8,400	8,400	0
Total revenues	1,040,000	887,498	(152,502)
EXPENDITURES			
Salaries, employee benefits and payroll taxes	447,000	396,505	50,495
Director's fees	3,000	1,050	1,950
Purchases of grave liners and vaults	53,000	57,730	(4,730)
Security	5,000	3,607	1,393
Insurance	22,000	39,214	(17,214)
Repairs, maintenance, and grounds	285,000	239,009	45,991
Office expense	8,000	4,866	3,134
Professional and legal costs	18,000	15,853	2,147
Taxes	15,000	11,869	3,131
Utilities	41,000	45,287	(4,287)
Repurchase of lots	15,000	9,644	5,356
Capital outlay	135,000	136,961	(1,961)
Miscellaneous	15,000	8,951	6,049
Total expenditures	1,062,000	970,546	91,454
EXCESS (DIFFICIENCY) OF REVENUES OVER EXPENDITURES	$ (22,000)	(83,048)	$ (61,048)
Fund balance, beginning of year		2,484,317	
Fund balance, June 30, 2017		$ 2,401,269	

SCHEDULE II - Property Tax Revenues

Current secured taxes	$	130,383
Current unsecured taxes		7,492
Prior year's taxes		3,119
Other tax revenue		13,757
Total property tax revenues	$	154,751

SCHEDULE III - Services and Fees Revenue

Sale of grave plots	$	156,743
Burial fees		330,399
Refunds		4,144
Sale of garden crypts and vaults		100,442
Sale of stone, sets		29,750
Sales tax collected		8,398
Sale of dirt, blocks, and miscellaneous		719
Total general fund services and fees		630,595
Endowment care fund		61,789
Total services and fees revenue	$	692,384

SCHEDULE IV - Proportionate Share of the Net Pension Liability - Last 10 Years*

	2017	2016	2015
Proportion of the net pension liability (asset)	(0.00015) %	(0.00022) %	(0.00763) %
Proporationate share of the net pension liability (asset)	$ (504,069)	$ (604,930)	$ (474,842)
Covered - employee payroll	$ 280,884	$ 250,746	$ 317,684
Proportionate Share of the net penions liability (asset) as percentage of covered-employee payroll	(179.46) %	(241.25) %	(149.47) %
Plan's fiduciary net position	$ 2,113,693	$ 2,144,558	$ 1,921,725
Plan fiduciary net position as a percentage of the total pension liability	131.32 %	139.29% %	132.82 %
Plan's Proportionate Share of Aggregage Employer Contributions	$ 78,712	$ 74,182	$ 51,967

* Fiscal Year 2015 was the first year of implementation, therefore only three years are shown

Tulare Public Cemetery District

Supplementary Information

For the year ended June 30, 2017

SCHEDULE V - Schedule of Contributions - Last 10 Years*

	2017	2016	2015
Contractually required contributions (actuarially determined)	$ 39,051	$ 17,583	$ 19,547
Contributions in relation to the actuarially determined contributions	(39,051)	(17,583)	(19,547)
Contribution deficiency (excess)	0	0	0
Covered-employee payroll	$ 280,884	$ 250,746	$ 317,684
Contributions as a percentage of covered-employee payroll	13.90 %	7.01 %	6.15 %

* Fiscal Year 2015 was the first year of implementation, therefore only three years are shown

SCHEDULE VI - Insurance Coverage

Insurance coverage of the District in force at June 30, 2017, is summarized as follows (coverage period extends from 10/1/16 to 10/1/17):

General Liability and Directors and Officers		
General Aggregate	$	3,000,000
Products and Completed Operations	$	3,000,000
Personal and Advertising Injury	$	1,000,000
Each Occurrence/Wrongful Acts	$	1,000,000
Fire Legal Liability	$	1,000,000
Premises Medical Payments (any one person)	$	10,000
Wrongful Acts	$	1,000,000
Property		
Blanket Buildings/Contents	$	1,325,556
Inland Marine Coverage		
Blanket Tools and Equipment	$	701,349
Automobile		
Owned automobiles	$	1,000,000
Hired/non-owned automobiles	$	1,000,000
Uninsured/Underinsured Motorists	$	1,000,000
Medical payments (any one person)	$	5,000
Workers Compensation		
Each accident/employee/policy limit	$	1,000,000