

TULARE PUBLIC CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

TULARE PUBLIC CEMETERY DISTRICT

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JUNE 30, 2018

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tulare Public Cemetery District
Tulare, California

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of Tulare Public Cemetery District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Tulare Public Cemetery District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Tulare Public Cemetery District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

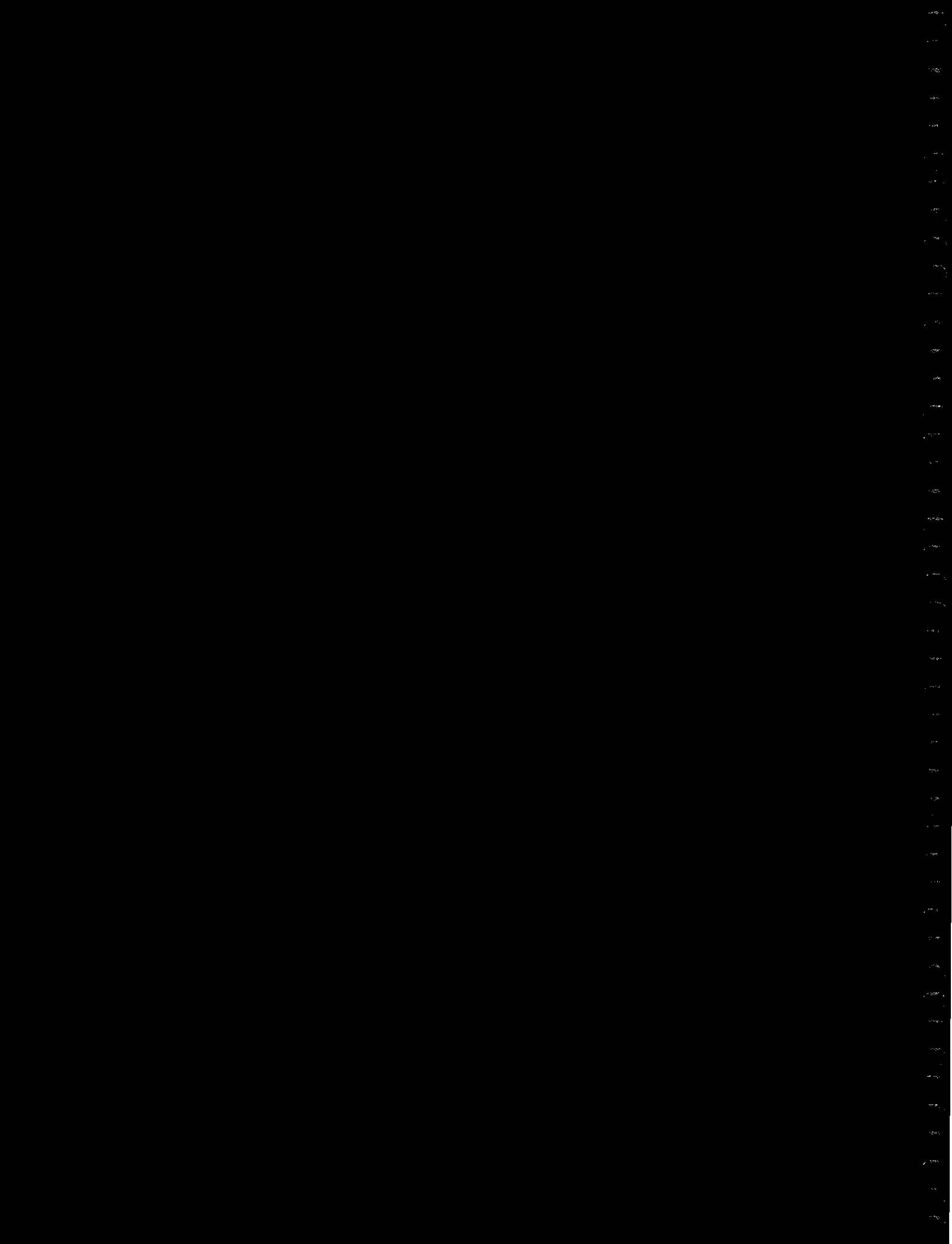
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tulare Public Cemetery District, as of June 30, 2018, and the respective changes in financial position thereof for the 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 and pension schedules on pages 25-27, respectively, 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.

The management's discussion and analysis has been omitted which 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.

Dennis Cooper & Associates C.P.A.s

May 24, 2019

TULARE PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2018

	General Fund	Endowment Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 251,217	\$ 1,789,434	\$ 2,040,651
Accrued receivables	2,039	-	2,039
Net pension asset	-	-	-
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
Total Assets	253,256	1,789,434	2,042,690
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	\$ 253,256	\$ 1,789,434	2,042,690
LIABILITIES			
Accrued payables	\$ 36,406	\$ -	\$ 36,406
Long-term liabilities, current	-	-	-
Long-term liabilities, non-current	-	-	-
Total Liabilities	36,406	-	36,406
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	-	1,400,287	1,400,287
Assigned	-	389,147	389,147
Unassigned	216,850	-	216,850
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	216,850	1,789,434	2,006,284
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION			
	\$ 253,256	\$ 1,789,434	\$ 2,042,690

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-A.)	Statement of Net Position
\$ -	\$ 2,040,651
-	2,039
529,000	529,000
129,465	129,465
657,028	657,028
1,315,493	3,358,183
109,000	109,000
\$ 1,424,493	\$ 3,467,183
\$ -	\$ 36,406
31,644	31,644
5,990	5,990
37,634	74,040
153,000	153,000
(1,400,287)	-
(389,147)	-
(216,850)	-
754,849	754,849
1,400,287	1,400,287
1,085,007	1,085,007
1,233,859	3,240,143
\$ 1,424,493	\$ 3,467,183

TULARE PUBLIC CEMETERY DISTRICT

**GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Endowment Care Fund	Total Governmental Funds
REVENUE			
Program Revenue:			
Charges for services	\$ 694,978	\$ -	\$ 694,978
Property taxes, general purpose	163,806	-	163,806
Revenue from use of money	14,202	14,242	28,444
Other revenues	9,187	-	9,187
Total Revenue	882,173	14,242	896,415
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	248,518	-	248,518
Benefits	129,626	-	129,626
Supplies	57,924	-	57,924
Services	381,934	-	381,934
Depreciation	-	-	-
Capital Outlay	135,404	-	135,404
Debt Service	38,015	-	38,015
Total Expenditures / Expenses	991,421	-	991,421
Excess (Deficiency) of Revenue over Expenditures/Expenses	(109,248)	14,242	(95,006)
OTHER FINANCING SOURCES/USES			
Proceeds	69,659	-	69,659
Sale of assets	1,800	-	1,800
Total Financing Sources/Uses	71,459	-	71,459
NET CHANGE IN FUND BALANCE / NET POSITION	(37,789)	14,242	(23,547)
Fund Balance / Net Position (Restated) - Beg.	254,639	1,775,192	2,029,831
Fund Balance / Net Position - End	\$ 216,850	\$ 1,789,434	\$ 2,006,284

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-B.)	Statement of Activities
\$ -	\$ 694,978
-	163,806
-	28,444
-	9,187
-	896,415
(11,597)	236,921
(62,368)	67,258
-	57,924
-	381,934
68,186	68,186
(135,404)	-
(38,015)	-
(179,198)	812,223
179,198	84,192
(69,659)	-
-	1,800
(69,659)	1,800
109,539	85,992
1,124,320	3,154,151
\$ 1,233,859	\$ 3,240,143

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Tulare Public Cemetery 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 §9010. The District's Board of Directors is appointed by the Tulare County Board of Supervisors.

1 - B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the cemetery and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the "Adjustments" column are not provided on the face of the statement, but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds. The general fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds, which are of particular importance to financial statement users.

Endowment Care Fund. Per Health and Safety Code §9065, the board of trustees shall create an endowment care fund, and require a payment into the endowment care fund for each interment right sold. The board of trustees shall not spend the principal of the fund. The board of trustees shall cause the income from the fund to be deposited in an endowment income fund and spent solely for the care of the cemeteries owned by the District.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

1 - C. Basis of Accounting – Measurement Focus

Government-wide Financial Statements. The government-wide and financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

1 - D. Assets, Liabilities, and Net Position

Fair Value. 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. 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's mutual funds balances have a fair value measurement using quoted market prices (Level 1 inputs) as of June 30, 2018, in the amounts of \$122,664.

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments.

There are cash balances which are pooled and invested by the Tulare County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2018, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

Accrued Receivables

Interest receivables are fully collectible. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10 – 40
Site/Land Improvements	5 – 40
Equipment	5 – 10

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee Retirement System ("Cal PERS") and additions to/deductions from Cal PERS' fiduciary net position have been determined on the same basis as they are reported by Cal PERS. 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.

Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable. The resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include Endowment Care corpus, inventories, and prepaid assets.

Assigned. Resources that are constrained by the government's intent to use them for a specific purpose but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the County for any purpose. When expenditures are incurred and both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

1 - E. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue).

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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 expected to be received within 60 days of fiscal year-end.

Property Tax Calendar

Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on or before the first business day of September of each year, and become a lien on real property on March 1 proceeding the fiscal year for which taxes are levied.

The first installment of secured taxes is due and payable November 1 and becomes delinquent December 12 at 5:00 p.m. The second installment is due and payable on February 1 and becomes delinquent on April 10 at 5:00 p.m. Unsecured taxes are due and payable on January 1 and become delinquent on August 31 at 5:00 p.m.

The County of Tulare bills and collects the taxes on behalf of the District. The District recognizes property tax revenues actually received as reported by the Tulare County Auditor-Controller.

Expenses/Expenditures.

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

Budgetary Data

Per Health and Safety Code §9070(a), on or before August 30 of each year, the board of trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with § 1031.1) of, and Article 1 (commencing with § 1121) of Subchapter 4 of Division 2 of Title 2 of the California Code of Regulations. The board of trustees may divide the annual budget into categories, including, but not limited to maintenance and operation, employee compensation, interest and redemption for indebtedness, as well as reserves (for endowment income fund, capital outlay, pre-need, contingencies, and unallocated general reserve).

The board of trustees shall forward a copy of the final budget to the auditor of each county in which the district is located.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

1 - F. New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the following standards:

- ❖ Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- ❖ GASB Statement No. 85, *Omnibus 2017*. The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.

For specific details about the standards, please see www.gasb.org.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2018

**NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS
AND DISTRICT-WIDE FINANCIAL STATEMENTS**

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds \$ 2,006,284

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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 relating to governmental activities, at historical cost:	\$ 2,024,927	
Accumulated depreciation:	<u>(1,238,434)</u>	786,493

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net Pension Liability (Asset)	(529,000)	
Compensated absences payable	5,990	
Capital leases payable	<u>31,644</u>	491,366

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	109,000
Deferred inflows of resources relating to pensions	<u>(153,000)</u>

Total Net Position - Governmental Activities: \$ 3,240,143

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2018

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds \$ (23,547)

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay: \$	135,404	
Depreciation expense:	<u>(68,186)</u>	67,218

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

38,015

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(69,659)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

11,597

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

62,368

Change in Net Position of Governmental Activities: \$ 85,992

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental Activities
Cash on hand	\$ 7,135
Deposits in financial institutions	223,943
Cash in county	1,686,909
Mutual funds	122,664
Total Cash and Cash Equivalents	\$ 2,040,651

3 - B. Policies and Practices

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 daysL	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

3 - C. Cash Deposits

Credit Risk. As of June 30, 2018, the District's Cash in County pool consisted of debt securities and the ratings ranged from AAA to BBB by Standard & Poor's.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2018, the carrying amount of the District's bank deposits was \$223,943, and the respective bank balances totaled \$223,942, all of which was insured through the FDIC.

3 - D. Investments (Brokerage Account)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$318,895 balance, \$122,664 of underlying securities are held by the investment's counterparty.

There is a risk that, in the event of a counterparty failure, the District's investments may not be returned. As of June 30, 2018, the carrying amount of the District's investments was. All of the balance was insured through the Securities Investor Protection Corporation ("SIPC").

NOTE 4 – ACCRUED RECEIVABLES

Receivables at June 30, 2018, was \$2,039 in interest receivable.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018

	Balance				Balance
	Jul. 01, 2017	Restatement	Additions	Deletions	Jun. 30, 2018
Capital Assets Not Being Depreciated					
Land	\$ 129,465	\$ -	\$ -	\$ -	\$ 129,465
Capital Assets Being Depreciated					
Buildings and improvements	\$ 1,468,069	\$ (96,222)	\$ 65,745		\$ 1,437,592
Equipment	580,535	(92,327)	69,659	99,997	457,870
Total assets being depreciated	2,048,604	(188,549)	135,404	99,997	1,895,462
Less Accumulated Depreciation					
Buildings and improvements	975,752	(59,466)	42,541		958,827
Equipment	435,198	(81,239)	25,645	99,997	279,607
Total accumulated depreciation	1,410,950	(140,705)	68,186	99,997	1,238,434
Total Capital Assets Being Depreciated, Net	\$ 637,654	\$ (47,844)	\$ 67,218	\$ -	\$ 657,028

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2018, were as follows:

	<u>General Fund</u>
Vendors	\$ 29,609
Compensated absence	4,000
CalPERS	2,797
Total Accrued Payables	\$ 36,406

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2018 was as follows (in thousands):

	Balance			Balance		Due In
	Jul. 01, 2017	Additions	Deletions	Jun. 30, 2018		One Year
Note payable	\$ -	\$ 69,659	\$ 38,015	\$ 31,644	\$	31,644
Compensated absence	17,587	-	11,597	5,990		-
Total Long-Term Liabilities	\$ 17,587	\$ 69,659	\$ 49,612	\$ 37,634	\$	31,644

7 - B. Note Payable

One April 3, 2018, the District obtained a promissory note from a local vendor to finance the purchase of a lawnmower, with an original purchase price of \$69,659. The payoff of the note is September 2018.

7 - C. Compensated Absences

The long-term portion of unpaid employee compensated absences for the year ended June 30, 2018 was \$ 5,990, to be paid out of the General Fund.

NOTE 8 – DEFINED BENEFIT PENSION

8 - A. General Information about the Pension Plan

Plan Description

The California Public Employees' Retirement System ("CalPERS" or the System) is a cost-sharing, multiple-employer defined benefit public pension fund. CalPERS provides retirement benefit services for state, school, and public employers. Governed by a 13-member Board of Administration consisting of member-elected, appointed, and ex officio members. Established by legislation in 1931, the System became operational in 1932 to provide retirement to state employees. In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf>.

For accounting purposes only, Public Employees' Retirement Fund ("PERF") is comprised of and reported as three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agencies' rate plans with more than 100 active members. PERF B is a cost-sharing multiple employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally less than 100 active members. The District's NPL is a part of PERF B

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

Benefits Provided

The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. The District's part of the "Classic" Miscellaneous Plan and "PEPRA" Miscellaneous risk pools, with a benefit formulas of 2.0% @ 60 and (more detailed calculation can be found in Appendix B in Section 2 of the Risk Pool Valuation Report. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for state Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living (COLA) adjustments up to a maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

Contributions

The CalPERS Annual Valuation Reports for Tulare Public Cemetery District as of June 30, 2015, reported 2017-18 required employer contributions to be 7.200% of creditable salaries for the "Employer Normal Cost Rate." The report also reported an employee contribution rate of 7.00%. Contributions to the pension plan from the District was \$20,155 for the year ended June 30, 2018.

8 - B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a net pension asset of \$529,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 participating agencies, actuarially determined. The District's proportion was calculated as follows:

	<u>Jun. 30, 2017</u>	<u>Jun. 30, 2016</u>	<u>Difference</u>
Miscellaneous Plan:			
Total Pension Liability Allocation Basis	0.0001049	0.0001180	-0.0000131
Fiduciary Net Position Allocation Basis	0.0001830	0.0001935	-0.0000105
Deferred Outflows/Inflows of Resources and Pension Expense Allocation Basis	0.0001049	0.0005180	-0.0004131

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$(36,335). At June 30, 2018, 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	Total
Changes of assumptions	\$ 65,000	\$ -	\$ 65,000
Differences between expected and actual experience	-	(8,000)	(8,000)
Net difference between projected and actual earnings on pension plan	16,000	-	16,000
Changes in proportion and differences between District contributions	8,000	(145,000)	(137,000)
District contributions subsequent to the measurement date	20,000	-	20,000
Total	\$ 109,000	\$ (153,000)	\$ (44,000)

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

Year ended June 30:

2019	(54,000)
2020	12,000
2021	8,000
2022	(10,000)
Total	\$ (44,000)

8 - C. Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate:	7.15%
Inflation rate	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS membership data for all funds
	Contract COLA up to 2.75% until PPPA floor on purchasing power applies, 2.75% thereafter
Post-Retirement Benefit Increase	

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 – 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)

¹ An expected inflation rate of 2.5% used for this period.

² An expected inflation rate of 3.0% used for this period.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2018

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.
The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension asset:	\$ 298,000	\$ 529,000	\$ 721,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report.

NOTE 9 – FUND BALANCE

Fund balance components at June 30, 2018, were as follows:

	General Fund	Endowment Care Fund	Total Governmental Funds
Nonspendable			
Endowment care corpus	\$ -	\$ 1,400,287	\$ 1,400,287
Assigned			
Endowment Care	-	389,147	389,147
Unassigned	216,850	-	216,850
Total Fund Balances	\$ 216,850	\$ 1,789,434	\$ 2,006,284

NOTE 10 – RESTATEMENT

Due to various corrections to accounting standard applications, the prior period adjustments of net position consist of the following:

	General Fund	Statement of Net Position
Fund Balance/Net Position, June 30, 2017	\$ 677,271	\$ 3,201,995
Decrease In:		
Net pension asset	(422,632)	-
Capital assets, net	-	(47,844)
Restated Fund Balance/Net Position	\$ 254,639	\$ 3,154,151

REQUIRED SUPPLEMENTARY INFORMATION

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TULARE PUBLIC CEMETERY DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUE				
Program Revenue:				
Charges for services	\$ 814,738	\$ 814,738	\$ 694,978	\$ (119,760)
Property taxes, general purpose	141,549	141,549	163,806	22,257
Revenue from use of money	-	-	14,202	14,202
Other revenues	6,689	6,689	9,187	2,498
Total Revenue	962,976	962,976	882,173	(80,803)
EXPENDITURES				
Current:				
Salaries and wages	383,000	383,000	248,518	134,482
Benefits	96,000	96,000	129,626	(33,626)
Supplies	59,000	59,000	57,924	1,076
Services	390,000	390,000	381,934	8,066
Other charges	115,000	115,000	-	115,000
Capital Outlay	100,000	100,000	135,404	(35,404)
Debt Service	-	-	38,015	(38,015)
Total Expenditures	1,143,000	1,143,000	991,421	151,579
Excess (Deficiency) of Revenue over Expenditures	(180,024)	(180,024)	(109,248)	70,776
OTHER FINANCING SOURCES/USES				
Proceeds	-	-	69,659	69,659
Sale of assets	-	-	1,800	1,800
Total Financing Sources/Uses	-	-	71,459	71,459
NET CHANGE IN FUND BALANCE	(180,024)	(180,024)	(37,789)	142,235
Fund Balance - Beginning (Restated)	254,639	254,639	254,639	
Fund Balance - Ending	\$ 74,615	\$ 74,615	\$ 216,850	\$ 142,235

TULARE PUBLIC CEMETERY DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2018	2017	2016	2015
Miscellaneous Plan:				
District's proportion of the net pension liability (asset)	-0.01%	-0.01%	-0.02%	-0.02%
District's proportionate share of the net pension (asset)	\$ (529,000)	(504,000)	(605,000)	(475,000)
District's covered payroll	249,000	281,000	251,000	318,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-212%	-179%	-241%	-149%
Plan fiduciary net position as a percentage of the total pension liability	132%	131%	139%	133%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

TULARE PUBLIC CEMETERY DISTRICT

SCHEDULE OF CONTRIBUTIONS

	2018	2017	2016	2015
Miscellaneous Plan:				
Contractually required contribution	\$ 20,155	\$ 15,345	\$ 17,583	\$ 18,779
Contributions in relation to the contractually required contribution	(20,155)	(15,345)	(17,583)	(18,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	243,000	249,000	281,000	251,000
Contributions as a percentage of covered payroll	8%	6%	6%	7%

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