

TULARE PUBLIC CEMETERY DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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TULARE PUBLIC CEMETERY DISTRICT

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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, 2019, 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, 2019, 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.

TULARE PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
 JUNE 30, 2019

	General Fund	Endowment Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 328,707	\$ 1,816,225	\$ 2,144,932
Accrued receivables	263	-	263
Net pension asset	-	-	-
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net	-	-	-
Total Assets	328,970	1,816,225	2,145,195
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 328,970	\$ 1,816,225	2,145,195
LIABILITIES			
Accrued payables	\$ 84,667	\$ -	\$ 84,667
Long-term liabilities, non-current	-	-	-
Total Liabilities	84,667	-	84,667
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	191	1,815,320	1,815,511
Assigned	-	905	905
Unassigned	244,112	-	244,112
Net Position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total Fund Balance / Net Position	244,303	1,816,225	2,060,528
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION	\$ 328,970	\$ 1,816,225	\$ 2,145,195

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-A.)	Statement of Net Position
\$ -	\$ 2,144,932
-	263
598,000	598,000
129,465	129,465
602,226	602,226
<u>1,329,691</u>	<u>3,474,886</u>
171,000	171,000
<u>\$ 1,500,691</u>	<u>\$ 3,645,886</u>
\$ -	\$ 84,667
16,000	16,000
<u>16,000</u>	<u>100,667</u>
169,000	169,000
(1,815,511)	-
(905)	-
(244,112)	-
731,691	731,691
1,815,320	1,815,320
829,208	829,208
<u>1,315,691</u>	<u>3,376,219</u>
<u>\$ 1,500,691</u>	<u>\$ 3,645,886</u>

TULARE PUBLIC CEMETERY DISTRICT

**GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Endowment Care Fund	Total Governmental Funds
REVENUE			
Program Revenue:			
Charges for services	\$ 607,346	\$ 60,716	\$ 668,062
Property taxes, general purpose	173,875	-	173,875
Grants and contributions not restricted to specific pro	1,355	-	1,355
Revenue from use of money	12,103	35,735	47,838
Other revenues	24,193	-	24,193
Total Revenue	818,872	96,451	915,323
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	332,814	-	332,814
Benefits	108,104	-	108,104
Supplies	70,620	-	70,620
Services	306,523	-	306,523
Depreciation	-	-	-
Capital Outlay	11,374	-	11,374
Debt Service	31,644	-	31,644
Total Expenditures / Expenses	861,079	-	861,079
Excess (Deficiency) of Revenue over Expenditures/Expenses	(42,207)	96,451	54,244
OTHER FINANCING SOURCES/USES			
Transfers - internal activity	69,660	(69,660)	-
NET CHANGE IN FUND BALANCE / NET POSITION	27,453	26,791	54,244
Fund Balance / Net Position - Beg.	216,850	1,789,434	2,006,284
Fund Balance / Net Position - End	\$ 244,303	\$ 1,816,225	\$ 2,060,528

The accompanying notes are an integral part of these financial statements

Adjustments (Note 2-B.)	Statement of Activities
\$ -	\$ 668,062
-	173,875
-	1,355
-	47,838
-	24,193
-	915,323
10,010	342,824
(115,000)	(6,896)
-	70,620
-	306,523
66,176	66,176
(11,374)	-
(31,644)	-
(81,832)	779,247
81,832	136,076
-	-
81,832	136,076
1,233,859	3,240,143
\$ 1,315,691	\$ 3,376,219

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019

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, 2019, 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, 2019, 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, 2019

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, 2019

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.

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.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2019

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:

- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.
- ❖ GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
- ❖ GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- ❖ GASB Statement No. 91, *Conduit Debt Obligations*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

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 **\$ 2,060,528**

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:	\$ 1,980,425	
Accumulated depreciation:	<u>(1,248,734)</u>	731,691

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)	(598,000)	
Compensated absences payable	<u>16,000</u>	582,000

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	171,000	
Deferred inflows of resources relating to pensions	<u>(169,000)</u>	

Total Net Position - Governmental Activities: **\$ 3,376,219**

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

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

Net Changes in Fund Balances - Total Governmental Funds \$ 54,244

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:	\$ 11,374	
Depreciation expense:	<u>(66,176)</u>	(54,802)

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:

31,644

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:

(10,010)

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:

115,000

Change in Net Position of Governmental Activities: **\$ 136,076**

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental Activities
Cash on hand	\$ 3,746
Deposits in financial institutions	47,422
Cash in county	2,093,764
Total Cash and Cash Equivalents	\$ 2,144,932

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, 2019

3 - C. Cash Deposits

Credit Risk. As of June 30, 2019, 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, 2019, 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, 2019, 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

Accounts receivables at June 30, 2019, was \$2,039.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019

	Balance					Balance
	Jul. 01, 2018	Restatement	Additions	Deletions		Jun. 30, 2019
Capital Assets Not Being Depreciated						
Land	\$ 129,465	\$ -	\$ -	\$ -	\$ -	\$ 129,465
Capital Assets Being Depreciated						
Buildings and improvements	\$ 1,437,592		\$ -	\$ -	\$ -	\$ 1,437,592
Equipment	457,870		11,374	55,876		413,368
Total assets being depreciated	1,895,462	-	11,374	55,876		1,850,960
Less Accumulated Depreciation						
Buildings and improvements	958,827		42,542	-		1,001,369
Equipment	279,607		23,634	55,876		247,365
Total accumulated depreciation	1,238,434	-	66,176	55,876		1,248,734
Total Capital Assets Being Depreciated, Net	\$ 657,028	\$ -	\$ (54,802)	\$ -	\$ -	\$ 602,226

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2019, were as follows:

	General Fund
Vendors	\$ 39,910
Payroll and taxes	38,490
Compensated absence	4,000
CalPERS	2,267
Total Accrued Payables	\$ 84,667

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2019 was as follows (in thousands):

	Balance			Balance		Due In
	Jul. 01, 2018	Additions	Deletions	Jun. 30, 2019	One Year	
Note payable	\$ 31,644	\$ -	\$ 31,644	\$ -	\$ -	-
Compensated absence	5,990	10,010	-	16,000	-	-
Total Long-Term Liabilities	\$ 37,634	\$ 10,010	\$ 31,644	\$ 16,000	\$ -	-

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, 2019 was \$ 16,000, 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, 2019

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, 2016, reported 2017-18 required employer contributions to be 7.634% (Classic) and 6.842% (PEPRA) of creditable salaries for the “Employer Normal Cost Rate.” Additionally the District is required to contribution \$267 toward the Unfunded Actuarial Liability. The report also reported an employee contribution rate of 7.00% (Classic) and 6.25% (PEPRA). Contributions to the pension plan from the District was \$15,394 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a net pension asset of \$598,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018</u>	<u>Jun. 30, 2017</u>	<u>Difference</u>
Miscellaneous Plan:			
Total Pension Liability Allocation Basis	0.0001060	0.0001049	0.0000011
Fiduciary Net Position Allocation Basis	0.0001820	0.0001830	-0.0000010

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$(115,000). At June 30, 2019, 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	\$ -	\$ (51,000)	\$ (51,000)
Differences between expected and actual experience	-	(15,000)	(15,000)
Net difference between projected and actual earnings on pension plan investments	-	(3,000)	(3,000)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(100,000)	(100,000)
Change in Employer's Proportion	156,000	-	156,000
District contributions subsequent to the measurement date	15,000	-	15,000
Total	\$ 171,000	\$ (169,000)	\$ 2,000

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:

2020	(36,000)
2021	(14,000)
2022	47,000
2023	5,000
Total	\$ 2,000

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

8 - C. Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions. The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 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	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until PPPA floor on until Purchasing Power Protection Allowance Floor on Purchasing Power Applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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 for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

TULARE PUBLIC CEMETERY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2019

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 – 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92)%

¹ In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation rate of 2.00% used for this period.

³ An expected inflation rate of 2.92% used for this period.

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:	\$ 356,000	\$ 598,000	\$ 798,000

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, 2019, were as follows:

	General Fund	Endowment Care Fund	Total Governmental Funds
Nonspendable			
Petty cash	\$ 191	\$ -	\$ 191
Endowment care corpus	-	1,815,320	1,815,320
Assigned			
Endowment Care	-	905	905
Unassigned	244,112	-	244,112
Total Fund Balances	\$ 244,303	\$ 1,816,225	\$ 2,060,528

REQUIRED SUPPLEMENTARY INFORMATION

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TULARE PUBLIC CEMETERY DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUE				
Program Revenue:				
Charges for services			\$ 607,346	\$ 607,346
Property taxes, general purpose			173,875	173,875
Revenue from use of money			12,103	12,103
Other revenues			24,193	24,193
Total Revenue	-	-	818,872	818,872
EXPENDITURES				
Current:				
Salaries and wages			332,814	(332,814)
Benefits			108,104	(108,104)
Supplies			70,620	(70,620)
Services			306,523	(306,523)
Other charges			-	-
Capital Outlay			11,374	(11,374)
Debt Service			31,644	(31,644)
Total Expenditures	-	-	861,079	(861,079)
Excess (Deficiency) of Revenue over Expenditures	-	-	(42,207)	(42,207)
OTHER FINANCING SOURCES/USES				
Proceeds	-	-	-	-
Sale of assets	-	-	-	-
Total Financing Sources/Uses	-	-	69,660	69,660
NET CHANGE IN FUND BALANCE	-	-	27,453	27,453
Fund Balance - Beginning (Restated)	216,850	216,850	216,850	
Fund Balance - Ending	\$ 216,850	\$ 216,850	\$ 244,303	\$ 27,453

TULARE PUBLIC CEMETERY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2019	2018	2017	2016
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)	\$ (598,000)	(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	-240%	-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

	2019	2018	2017	2016
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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