

**AUBURN PUBLIC
CEMETERY DISTRICT**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

FISCAL YEAR ENDED JUNE 30, 2018

AUBURN PUBLIC CEMETERY DISTRICT

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AUBURN PUBLIC CEMETERY DISTRICT

**DISTRICT OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2018**

BOARD OF TRUSTEES

Terry Cooney..... President
Leslie Maita..... Vice-president
Melinda Herzog-Landrith.....Trustee
Michael Otten..... Trustee
Earl Wilson.....Trustee

OTHER DISTRICT OFFICIALS

Craig Forrey..... District Manager
Danielle Nash..... Secretary/bookkeeper

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Auburn Public Cemetery District
Auburn, California**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 District, as of June 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information section, as listed in the table of contents, 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 14, 2018

AUBURN PUBLIC CEMETERY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2018

The Auburn Public Cemetery District (the District) is a non-enterprise Independent Special District in the State of California. The Placer County Board of Supervisors appoints five Trustees from the electors residing within the District for fixed terms. California state laws and regulations pertaining to Public Cemetery Districts are strictly enforced.

As a public agency, the District goal is not to make a profit as a private company. Therefore, the District continues to strive to achieve two major goals, which are:

- Improve and maintain the existing cemeteries
- Provide future generations with dignified burial grounds

The Trustees set policies, rates for sales/services, rate of wages, and approve major projects and expenditures. All financial transactions are prepared at the District office and then processed by the Placer County Auditor's office (i.e. accounts receivables/payables and payroll). All expenditure requests over \$5,000 are approved by two Trustees prior to payment and all major expenditures are approved by motion at a District Board Meeting. The Placer County Treasurer has been given the responsibility of investing the District funds. The Placer County Treasury Oversight Committee and the District Board of Trustees regularly monitor the investing.

The management of the Auburn Public Cemetery District has prepared the following narrative overview and analysis of the financial activities of the District for the Fiscal Year ended June 30, 2018. Please read this information in conjunction with the District's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the components reported as net position.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. (i.e. earned but unused vacation leave).

The government-wide financial statements can be found on pages 9 and 10 of this report.

AUBURN PUBLIC CEMETERY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2018

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between the governmental fund and government wide statements. The fund financial statements can be found on pages 11 through 14 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 29 of this report.

Required Supplementary Information. In accordance with generally accepted accounting principles, the District presents required supplementary information other than the Management Discussion and Analysis, including net pension liability information, OPEB information, and the budgetary comparison schedules. The District adopts an annual appropriated budget for its General fund. The budgetary comparison schedule demonstrates compliance with the budget. Required Supplementary Information can be found on pages 30 through 33 of this report.

Government-wide Financial Analysis

The District presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments*. A comparative analysis of government-wide data is included with the prior fiscal year.

At the end of the fiscal year, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,859,944. This is referred to as “Net Position” and represents the equity or net worth of a governmental type organization. The prior year’s Net Position as restated was \$3,833,994. The current year’s \$3,859,944 balance is comprised of investments in Capital Assets of \$1,446,531, Restricted Nonexpendable Endowment Principal \$1,186,808, Expendable Endowment \$828,036, and Unrestricted Net Position of \$398,569.

The District’s net position increased overall by less than 1% during the current fiscal year. This increase is explained in the government wide financial analysis, which follows.

AUBURN PUBLIC CEMETERY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2018

Condensed Statement of Net Position

	<u>6/30/18</u>	<u>6/30/17</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 3,487,264	\$ 3,394,378	\$ 92,886	2.74%
Capital assets	1,446,531	1,413,826	32,705	2.31%
Total assets	<u>4,933,795</u>	<u>4,808,204</u>	<u>125,591</u>	<u>2.61%</u>
Deferred outflows	<u>174,815</u>	<u>210,731</u>	<u>(35,916)</u>	<u>-17.04%</u>
Current liabilities	38,600	52,749	(14,149)	-26.82%
Noncurrent liabilities	1,192,246	1,090,007	102,239	9.38%
Total liabilities	<u>1,230,846</u>	<u>1,142,756</u>	<u>88,090</u>	<u>7.71%</u>
Deferred inflows	<u>17,820</u>	<u>42,185</u>	<u>(24,365)</u>	<u>-57.76%</u>
Net position:				
Net investment in capital assets	1,446,531	1,413,826	32,705	2.31%
Restricted for endowment,	2,014,844	1,986,163	28,681	1.44%
Unrestricted	<u>398,944</u>	<u>434,005</u>	<u>(35,436)</u>	<u>-8.16%</u>
Total net position	<u>\$ 3,859,944</u>	<u>\$ 3,833,994*</u>	<u>\$ 25,950</u>	<u>0.68%</u>

* Restated due to Implementation of GASB 75

Condensed Statement of Activities

	<u>6/30/18</u>	<u>6/30/17</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Taxes	\$ 525,022	\$ 500,272	\$ 24,750	4.95%
Charges for services	321,869	308,489	13,380	4.34%
Interest and rent	64,810	54,204	10,606	19.57%
Other income	6,761	28,866	(22,105)	-76.58%
Endowment care	<u>20,130</u>	<u>45,370</u>	<u>(25,240)</u>	<u>-55.63%</u>
Total revenues	<u>938,592</u>	<u>937,201</u>	<u>1,391</u>	<u>0.15%</u>
Expenses				
Salaries and benefits	699,349	375,062	324,287	86.46%
Materials and supplies	160,199	248,547	(88,348)	-35.55%
Depreciation	<u>53,094</u>	<u>59,211</u>	<u>(6,117)</u>	<u>-10.33%</u>
Total Expenditures	<u>912,642</u>	<u>682,820</u>	<u>229,822</u>	<u>33.66%</u>
Increase (Decrease) in net position	<u>\$ 25,950</u>	<u>\$ 254,381</u>	<u>\$ (228,4318)</u>	<u>-89.80%</u>

AUBURN PUBLIC CEMETERY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2018

Financial Analysis of the District's Governmental Funds

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

For the year ended June 30, 2018, the District reported an ending fund balance of \$3,446,371; an increase of \$107,491 from the prior year. Approximately 56% was generated through taxes collected (i.e. property), 36% of the District's revenue was generated from: charge for interment rights, services, interest, rent, product sales, and misc., and 8% was generated from use of money and property and other income. Additionally, a transfer from the Endowment fund (\$23,800) was made to be utilized for maintenance purposes.

Governmental Funds

	<u>FY 2017-2018</u>	<u>FY 2016-2017</u>
Total revenue	\$ 939,047	\$ 934,452
Total expenditures	<u>831,556</u>	<u>792,367</u>
Excess of revenue over expenditures	107,491	142,085
Fund Balance-Beginning	<u>3,338,880</u>	<u>3,196,795</u>
Fund Balance-Ending	<u>\$ 3,446,371</u>	<u>\$ 3,338,880</u>

Total expenditures increased from \$792,367 to \$831,556 an increase of approximately \$39,189 from the prior year.

- Salaries and benefits – Increase of \$49,183 primarily due to salary increases per MOU and increase in cost of benefits.
- Materials and supplies – Decreased in the amount of \$88,347 primarily due to decrease in, litigation settlement/attorney fees, temporary workers, and more in-house maintenance/repairs.
- Capital outlay - Increase of \$78,353 due to purchase and installation of two columbarium's as well as various equipment.

Capital Assets and Debt Administration

Capital Assets

At the end of the current fiscal year, the District had net capital assets totaling \$1,446,531.

AUBURN PUBLIC CEMETERY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2018

Debt Administration

At the end of the current fiscal year, the most significant portion of District's debt is the liability for Other Post-Employment Benefits. Accrued compensated absences and net pension liability comprise the remaining Long-term Liabilities.

Economic Factors and Next Year's Budget

The economy continues to impact the District's revenue in a variety of ways: lagging property tax revenues, fewer pre-need internment rights being sold, and overall less burials.

The following items will be considered when preparing the 2018/2019 Budget:

- Continue to pursue grants, matching fund and award programs
- Property tax revenues based on FY 17/18 revenues and projections from the County Assessor's office
- Analysis of burial trends for consideration in future development plans
- Continued effort will be made to collaborate with other agencies for volunteer labor
- Tree maintenance issues which could potentially expose the District to liability
- Unsafe Upright Monuments/Copings which could potentially expose the District to liability
- The continued use of endowment fund earnings for maintenance purposes
- Creating fund for OPEB

Requests for Information

Questions concerning any of the information provided in this report or for additional information should be addressed to the District Manager, Auburn Public Cemetery District, P.O. Box 4357, Auburn, CA 95604.

BASIC FINANCIAL STATEMENTS

AUBURN PUBLIC CEMETERY DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

CURRENT ASSETS	
Cash and investments	\$ 1,466,944
Restricted cash and investments	2,011,789
Receivables:	
Accounts receivable, net	20
Interest receivable	5,239
Due from other governments	2,293
Inventory	979
TOTAL CURRENT ASSETS	<u>3,487,264</u>
NONCURRENT ASSETS	
Nondepreciable capital assets	248,223
Depreciable capital assets, net	1,198,308
TOTAL NONCURRENT ASSETS	<u>1,446,531</u>
TOTAL ASSETS	<u>4,933,795</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	137,140
Deferred outflows of resources related to OPEB	37,675
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>174,815</u>
CURRENT LIABILITIES	
Accounts payable and other accrued expenses	5,495
Accrued payroll	23,825
Prepaid burial liability	9,280
TOTAL CURRENT LIABILITIES	<u>38,600</u>
NONCURRENT LIABILITIES	
Net pension liability	394,124
Total OPEB Liability	788,970
Compensated absences	9,152
TOTAL NONCURRENT LIABILITIES	<u>1,192,246</u>
TOTAL LIABILITIES	<u>1,230,846</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	17,820
NET POSITION	
Net investment in capital assets	1,446,531
Restricted for:	
Nonexpendable - endowment principal	1,186,808
Expendable - endowment	828,036
Unrestricted net position	398,569
TOTAL NET POSITION	<u>\$ 3,859,944</u>

The accompanying notes are an integral part of these financial statements.

AUBURN PUBLIC CEMETERY DISTRICT

STATEMENT OF ACTIVITIES FISCAL YEAR ENDED JUNE 30, 2018

PROGRAM EXPENSES	
Personnel services	\$ 699,349
Materials and supplies	160,199
Depreciation	<u>53,094</u>
TOTAL EXPENSES	<u>912,642</u>
PROGRAM REVENUES	
Charges for services	<u>321,869</u>
NET PROGRAM EXPENSES	<u>(590,773)</u>
GENERAL REVENUES	
Property taxes	525,022
Use of money and property	64,810
Insurance recoveries	5,761
Other income	<u>1,000</u>
TOTAL GENERAL REVENUES	<u>596,593</u>
CONTRIBUTIONS TO ENDOWMENT	
Endowment care	<u>20,130</u>
CHANGE IN NET POSITION	<u>25,950</u>
NET POSITION, beginning of year, as restated	<u>3,833,994</u>
NET POSITION, end of year	<u>\$ 3,859,944</u>

AUBURN PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2018

	General Fund	Endowment Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,466,944		\$ 1,466,944
Restricted cash and investments		\$ 2,011,789	2,011,789
Receivables:			
Accounts receivable, net	20		20
Interest receivable	2,184	3,055	5,239
Due from other governments	2,293		2,293
Inventory	979		979
TOTAL ASSETS	\$ 1,472,420	\$ 2,014,844	\$ 3,487,264
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued expenses	\$ 5,495		\$ 5,495
Accrued payroll	23,825		23,825
Prepaid burial liability	9,280		9,280
TOTAL LIABILITIES	38,600		38,600
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - due from other governments	2,293		2,293
FUND BALANCES			
Nonspendable:			
Inventory	979		979
Endowment principal		\$ 1,186,808	1,186,808
Restricted for:			
Expendable endowment		828,036	828,036
Committed for:			
OPEB liability funding	340,791		340,791
Future capital assets	300,165		300,165
Unassigned	789,592		789,592
TOTAL FUND BALANCES	1,431,527	2,014,844	3,446,371
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,472,420	\$ 2,014,844	\$ 3,487,264

The accompanying notes are an integral part of these financial statements.

AUBURN PUBLIC CEMETERY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,446,371
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds	1,446,531
The liabilities below are not due and payable in the current period and therefore are not included in the funds:	
Net pension liability	(394,124)
Total OPEB liability	(788,970)
Compensated absences	(9,152)
Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds.	2,293
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 are reported as follows:	
Deferred outflows of resources related to pensions	137,140
Deferred inflows of resources related to pensions	(17,820)
Deferred outflows of resources related to OPEB	<u>37,675</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,859,944</u>

AUBURN PUBLIC CEMETERY DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 525,477		\$ 525,477
Charges for services	321,869	\$ 20,130	341,999
Use of money and property	32,459	32,351	64,810
Other income	<u>1,000</u>		<u>1,000</u>
TOTAL REVENUES	<u>880,805</u>	<u>52,481</u>	<u>933,286</u>
EXPENDITURES			
Current:			
Salaries and employee benefits	585,559		585,559
Materials and supplies	160,198		160,198
Capital outlay	<u>85,799</u>		<u>85,799</u>
TOTAL EXPENDITURES	<u>831,556</u>		<u>831,556</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>49,249</u>	<u>52,481</u>	<u>101,730</u>
OTHER FINANCING SOURCES (USES)			
Miscellaneous income	5,761		5,761
Transfers in	23,800		23,800
Transfers out		<u>(23,800)</u>	<u>(23,800)</u>
TOTAL OTHER FINANCING	<u>29,561</u>	<u>(23,800)</u>	<u>5,761</u>
NET CHANGE IN FUND BALANCES	78,810	28,681	107,491
FUND BALANCES, beginning of year	<u>1,352,717</u>	<u>1,986,163</u>	<u>3,338,880</u>
FUND BALANCES, end of year	<u>\$ 1,431,527</u>	<u>\$ 2,014,844</u>	<u>\$ 3,446,371</u>

AUBURN PUBLIC CEMETERY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

NET CHANGE IN FUND BALANCES -TOTAL GOVERNMENTAL FUNDS \$ 107,491

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capitalized expenditures are added back to fund balance	85,799
Depreciation expense is deducted from fund balance	(53,094)

The amounts below included in the statement of activities do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net equity):

Change in liability for compensated absences	(2,187)
Change in total OPEB liability	(46,658)

The change in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (456)

In governmental funds, pension costs are recognized when employer contributions are made. In the Statement of Activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual contributions was: (64,945)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 25,950

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

Auburn Public Cemetery District (the District) is a special district within the County of Placer (County). The District was formed on September 5, 1935 to provide and maintain burial grounds for residents in the geographical area covered by the District. The basic operations of the District are supported by property taxes paid to Placer County, sales of interment services, and interment rights. The District is governed by a five member Board of Trustees appointed by the Placer County Board of Supervisors.

B. ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

C. BASIS OF PRESENTATION

Government-wide Statements – The statement of net position and the statement of activities display information about the District as a whole. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with the District. Program revenues include charges for services. Revenues that are not classified as program revenues, including all taxes and investment income, are presented as general revenues. Endowment deposits are presented as contributions to endowment.

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

Fund Financial Statements – The fund financial statements provide information about the District's funds. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – The General Fund is the main operating fund of the District. It is used for all activities except those that are required to be accounted for in another fund.

Endowment Fund – The Endowment Fund is a permanent fund used to account for restricted receipts and the related interest earnings. Permanent funds resources are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

D. BUDGETS AND BUDGETARY DATA

The District adopts an annual budget on or before August 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations. The procedures followed require a proposed budget to be presented to the Board of Trustees at the July meeting after reviewing with the County on their most current estimates of tax revenues. The budget may be amended during the year should an economic need occur.

E. RECEIVABLES

Property and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and are considered available when received within 60 days of year end. As of June 30, 2018, the District recorded an allowance for uncollectible accounts of \$12,563.

F. INVENTORIES

Inventory consists of uninstalled vaults, vases and liners. Inventory is stated at cost using the first-in, first-out method of accounting. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

G. CAPITAL ASSETS

Capital Assets, which include land, buildings and improvements, machinery, equipment, and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded as historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. For certain assets, estimated historical costs are used.

Depreciation is calculated by the straight-line method with half year convention, over the estimated useful lives of the respective assets as follows:

Structures and improvements	20-40 years
Equipment and vehicles	5 years
Office furniture and equipment	5 years

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

H. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are generally liquidated by the General Fund. Regular full-time District employees accrue vacation as follows:

<u>Years of Service</u>	<u>Hours (Days) Accrued per Month</u>
Less than 1 year	40 hours (5 days)
1 year - 2 years	80 hours (10 days)
2 years or more	120 hours (15 days)

Vacation is accrued on a daily basis. An employee may not accrue more than two times his/her annual accrual of vacation hours. If an employee accrues this maximum amount of vacation, the employee will not accrue any further vacation hours until he or she takes vacation and falls below the maximum accrual level. Employees have the option to cash out up to 40 hours of vacation each year, so long as the request is submitted between November 1 and December 1 of that year. Upon termination of employment employees are paid 100% of their accumulated vacation pay. The District had a total of \$9,152 in accrued compensated absences as of June 30, 2018.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken, since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

I. PENSIONS

For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan) maintained by the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the District's portions of the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

J. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

K. DEFERRED OUTFLOWS/DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension and OPEB plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and total OPEB liability in the next fiscal year. Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Notes 6 and 7 for further details related to these pension and OPEB deferred outflows and inflows.

The District recognized an amount under the modified accrual basis of accounting to be reported as a deferred inflow of resources. The amount of \$2,293 is reported in the governmental funds balance sheet as unavailable revenue and represents receivables that have not been collected within the District's period of availability.

L. NET POSITION/FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested capital assets, restricted and unrestricted.

- Net investment in capital assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net assets are presented in two types: expendable and nonexpendable. Expendable amounts represent amounts that can be spent subject to certain criteria. Nonexpendable represents amounts that are required to be retained in perpetuity.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or any other purpose.

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, and unassigned.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

- **Nonspendable Fund Balance** - This category presents the portion of fund balance that cannot be spent because it is either not in a spendable form or it is legally or contractually required to be maintained intact. The District has Inventory that meet the definition of nonspendable because the asset is not in a spendable form. The District also has the corpus of the Endowment fund that is legally required to remain intact and therefore meets the definition of nonspendable.
- **Restricted Fund Balance** – This category presents the portion of the fund balance that is for specific purposes stipulated by constitution, external resource providers, laws and regulations, or enabling legislation. The District has interest earned on endowment funds that meet this definition.
- **Committed Fund Balance** – This category presents the portion of the fund balance that can be used only for the specific purposes determined by a formal action (Resolution) of the District’s highest level of decision making authority. For the District, this level of authority lies with the Board of Trustees. The District has committed \$340,791 for future payments of the unfunded OPEB liability and \$300,165 for future capital assets.
- **Unassigned Fund Balance** – This category presents the portion of the fund balance that does not fall into nonspendable, restricted, or committed categories and is spendable.

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

M. PROPERTY TAXES

The District received property taxes from the County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the property’s assessed value. They become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

N. USE OF ESTIMATES

The preparation of 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 reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

O. COMMITMENTS AND CONTINGENCIES

The District is subject to litigation arising in the normal course of business. In the opinion of management, there is no pending litigation which is likely to have a material adverse effect on the overall financial position of the District.

P. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the District implemented GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. It requires employers to report a net OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 7 explains the effect of the implementation of GASB 75.

Since GASB 75 requires retroactive application, beginning net position increased by the total OPEB liability offset by the related deferred outflow of resources as of June 30, 2017. As a result, for the year ended June 30, 2018, the beginning net position increased by \$364,081 as the cumulative effect of a change in accounting principles.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, consist of the following:

Cash on hand	\$ 200
Cash with county treasury	<u>3,478,533</u>
Total cash and investments	<u>\$ 3,478,733</u>

Cash in County Treasury

The District holds restricted and unrestricted cash and investments with the Treasurer of the County of Placer. The County Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments. Participant's equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income.

The County Treasury is authorized to deposit cash and invest excess funds per California Government Code and the Treasurer's investment and policies are overseen by the Placer County Treasury Oversight Committee. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

Investment Authorized by the District's Investment Policy

The table below identifies the investment types authorized by the Treasury investment policy. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	30 years	None	None
U.S. Treasury Obligations	5 years	100%	None
Federal Government Securities	5 years	75%	None
Bankers Acceptances	180 days	30%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Collateralized Certificates of Deposit	5 years	20%	None
CDARS Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	20%	None
Corporate Notes	5 years	30%	None
Local Agency Investment Funds (LAIF)	365 days	\$40MM	\$40MM
Supranationals	5 years	30%	None
County Pooled Investment Funds	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2018, the weighted average maturity of the investments contained in the Treasury's investment pool is approximately 1,302 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

Restricted Cash and Investments

The District's restricted cash and investments are \$2,011,789 at June 30, 2018 for endowment care.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

3. CAPITAL ASSETS

The District's capital assets were comprised of the following at June 30, 2018:

	Balance	Additions	Reductions	Balance
	July 1, 2017			June 30, 2018
Non-depreciable assets:				
Land	\$ 248,223			\$ 248,223
Total non-depreciable assets	<u>248,223</u>			<u>248,223</u>
Depreciable assets:				
Structures and improvements	447,543	\$ 55,600		503,143
Infrastructure	1,449,046			1,449,046
Equipment and vehicles	194,612	30,199		224,811
Total depreciable assets	<u>2,091,201</u>	<u>85,799</u>		<u>2,177,000</u>
Accumulated depreciation:				
Structures and improvements	(181,801)	(12,216)		(194,017)
Infrastructure	(594,850)	(34,520)		(629,370)
Equipment and vehicles	(148,947)	(6,358)		(155,305)
Total accumulated depreciation	<u>(925,598)</u>	<u>(53,094)</u>		<u>(978,692)</u>
Total depreciable assets, net	<u>1,165,603</u>	<u>32,705</u>		<u>1,198,308</u>
Total capital assets, net	<u>\$ 1,413,826</u>	<u>\$ 32,705</u>	<u>\$</u>	<u>\$ 1,446,531</u>

4. COMPENSATED ABSENCES

The District's accumulated vacation pay for the year ended June 30, 2018, was as follows:

Balance	Additions	Deletions	Balance
7/1/2017			6/30/18
<u>\$ 6,965</u>	<u>\$ 3,818</u>	<u>\$ (1,631)</u>	<u>\$ 9,152</u>

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance coverage for commercial general liability and wrongful acts, automobile liability and physical damage, and workers' compensation. There have been no significant reductions in insurance coverage from the prior year by major categories of risk however, there has been one claim or settlement over the past three years.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

6. DEFINED BENEFIT PENSION PLAN

Plan Description

District employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefits provisions under the Plan are established by State Statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan provides benefits based on two different valuation plans: Classic and PEPRA. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

Employer rate plan	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
Hire date	Prior to May 3, 1993	On or after March 10, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	8.418%	7.2%	6.533%
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution rates	8.418%	7.2%	6.533%

Contributions

Section 20814(c) of the California Public Employee' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2018 was \$55,404.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$394,124.

The District's net pension liability for the Plan is measured as a proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled-forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2017 was 0.010000%, which was a decrease of 0.00016% from its proportion measured as of June 30, 2016 for the CalPERS Plan.

For the Year ended June 30, 2018, the District recognized pension expense of \$120,350. At June 30, 2017, the reported deferred outflows of resources and deferred inflows of resources related to pensions resulted from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 57,410	\$ (4,378)
Change in proportion	10,879	
Change in proportionate share of contributions		(6,813)
Differences between expected and actual experiences	463	(6,629)
Differences between projected and actual earnings on pension plan investments	12,984	
Contributions subsequent to the measurement date	55,404	
	\$ 137,140	\$ (17,820)

Deferred outflows of resources of \$55,404 were related to legally required and additional contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement period ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Periods Ended June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2019	\$ 19,046
2020	35,834
2021	16,743
2022	(7,708)

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability amounts were based on the following actuarial methods of assumptions.

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation rate	2.75%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.15% Net of pension plan investment expenses, including inflation
Mortality rate table	Derived using CalPERS' Membership data for all Funds includes 20 years of mortality improvements using Society of Actuaries Scale BB based on 2014 CalPERS Experience Study and Review of Actuarial Assumptions report based on CalPERS demographic data from 1997 to 2001
Postretirement benefit increases	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Changes in Assumptions

For fiscal year 2016-17, the financial reporting discount rate for the Plan was lowered from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the TPL was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans, the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety plan selected as being more at high risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on CalPERS' website under GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10^(a)</u>	<u>Real Return Years 11+^(b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Debt Securities	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100%</u>		

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rate – 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Risk pool's net pension liability	\$ 614,459	\$ 394,124	\$ 211,730

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the District provides a single-employer post-employment health care benefit plan to its employees that includes healthcare benefits for eligible retired employees with a minimum of five years of service and their spouses through the retiree healthcare plan (the Plan). As of June 30, 2018, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Although not set aside in an irrevocable trust, the District has committed \$340,791 of the General Fund's Fund balance to fund future OPEB liabilities.

Benefits Provided

The plan provides for the District to contribute 100% of the cost of health insurance premiums for retirees and their spouses. District employees who retire at age 50 or older and qualify for a CalPERS pension and become vested are eligible for lifetime medical benefits. Condense

Employees Covered

As of the July 1, 2017 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	3
Inactive employees entitled to but not receiving benefits	2
Participating active employees	<u>6</u>
Total	<u><u>11</u></u>

Total OPEB Liability

The District's total OPEB liability of \$788,970 was measured as of June 30, 2017, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated July 1, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Salary Increases	3.00%
Health care cost trend rates	6.00% for 2017 and 5% for 2018 and later years
Age adjustment factor	4.00%
Percent married	50.00%
Discount rate	3.13%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Mortality for Males or Females, as appropriate, without projection.

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
Balance at June 30, 2017 (Roll back balance at June 30, 2016 measurement date)	\$ 730,115
Changes recognized for the measurement period:	
Service cost	61,876
Interest on TOL	22,457
Benefit payments *	(25,478)
Net changes	58,855
Balance at June 30, 2018 (Measurement date June 30, 2017)	\$ 788,970

*Includes \$17,203 of pay-as-you-go contributions made by District, plus an implicit subsidy amount of \$8,275.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (2.13%)	Current Discount Rate (3.13%)	Discount Rate +1% (4.13%)
Total OPEB liability	\$ 934,182	\$ 788,970	\$ 674,700

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (5.00% decreasing to 4.00%)	Health Care Trend Rate (6.00% decreasing to 5.00%)	Discount Rate +1% (7.00% decreasing to 6.00%)
Total OPEB liability	\$ 668,431	\$ 788,970	\$ 946,134

AUBURN PUBLIC CEMETERY DISTRICT

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2018

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$72,097. At June 30, 2018, the District reported a deferred outflow of resources for OPEB contributions subsequent to measurement date of \$25,439 plus an implicit subsidy amount of \$12,236. This \$37,675 deferred outflows of resources will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN PUBLIC CEMETERY DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIODS ENDED JUNE 30, LAST 10 YEARS*

	<u>2017</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 61,876
Interest	22,457
Benefit payments	<u>(25,478)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	58,855
TOTAL OPEB LIABILITY, Beginning	<u>730,115</u>
TOTAL OPEB LIABILITY, Ending	<u><u>\$ 788,970</u></u>
Covered-employee payroll	\$ 284,186
District's total OPEB liability as a percentage of covered-employee payroll	277.62%

Notes to Schedule:

There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2017.

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is presented.

AUBURN PUBLIC CEMETERY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, LAST 10 YEARS*

	Measurement Date			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.010000%	0.010160%	0.011710%	0.012600%
District's proportionate share of the net pension liability	\$ 394,124	\$ 352,927	\$ 306,474	\$ 268,747
District's covered-employee payroll	\$ 309,933	\$ 259,409	\$ 284,604	\$ 280,880
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	127.16%	136.05%	107.68%	95.68%
Plan fiduciary net position as a percentage of the total pension liability	75.87%	79.89%	78.40%	79.82%

Notes to Schedule:

Change of benefit terms – For the measurement period ended June 30, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. For the measurement period ended June 30, 2016 and 2014, there were no changes in assumptions. As of June 2017 measurement date the financial reporting discount rate for the Plan was lowered from 7.65% to 7.15%.

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

AUBURN PUBLIC CEMETERY DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AS OF JUNE 30, LAST 10 YEARS*

	<u>Fiscal Year</u>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 55,404	\$ 50,113	\$ 46,739	\$ 43,833
Contributions in relation to the contractually required contributions	<u>(55,404)</u>	<u>(50,113)</u>	<u>(46,739)</u>	<u>(43,833)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 353,714	\$ 309,933	\$ 259,409	\$ 284,604
Contributions as a percentage of covered-employee payroll	15.66%	16.17%	18.02%	15.40%

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

AUBURN PUBLIC CEMETERY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 508,821	\$ 508,821	\$ 525,477	\$ 16,656
Charges for services	364,400	364,400	321,869	(42,531)
Use of money and property	26,200	26,200	32,459	6,259
Other income	<u>2,500</u>	<u>2,500</u>	<u>1,000</u>	<u>(1,500)</u>
TOTAL REVENUES	<u>901,921</u>	<u>901,921</u>	<u>880,805</u>	<u>(21,116)</u>
EXPENDITURES				
Current:				
Salaries and employee benefits	572,555	586,415	585,559	856
Services and supplies	240,800	250,740	160,198	90,542
Capital outlay	<u>90,000</u>	<u>90,000</u>	<u>85,799</u>	<u>4,201</u>
TOTAL EXPENDITURES	<u>903,355</u>	<u>927,155</u>	<u>831,556</u>	<u>95,599</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,434)</u>	<u>(25,234)</u>	<u>49,249</u>	<u>74,483</u>
OTHER FINANCING SOURCES (USES)				
Miscellaneous income			5,761	5,761
Transfers in		<u>23,800</u>	<u>23,800</u>	
TOTAL OTHER FINANCING		<u>23,800</u>	<u>29,561</u>	<u>5,761</u>
NET CHANGE IN FUND BALANCES	(1,434)	(1,434)	78,810	80,244
FUND BALANCES, beginning of year	<u>1,352,717</u>	<u>1,352,717</u>	<u>1,352,717</u>	
FUND BALANCES, end of year	<u>\$ 1,351,283</u>	<u>\$ 1,351,283</u>	<u>\$ 1,431,527</u>	<u>\$ 80,244</u>