

**LINDSAY-STRATHMORE
PUBLIC CEMETERY
DISTRICT**

FINANCIAL STATEMENTS

June 30, 2019

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT
BOARD OF TRUSTEES/ADMINISTRATION
JUNE 30, 2019

Dennis Medders

President

Jeff Tienken

Treasurer

Dale Rains

Secretary

Brenda Altermatt

Manager

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lindsay-Strathmore Public Cemetery District
Lindsay, California

We have audited the accompanying financial statements of the business-type activities and each major fund of the Lindsay-Strathmore Public Cemetery District as of and for the year ended June 30, 2019, 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.

Basis for Qualified Opinion

Because of the inadequate accounting records for the year ended prior to June 30, 2009, we were unable to form an opinion regarding the amount at which the nonexpendable balance in the restricted endowment fund should be reported in the accompanying balance sheet as of June 30, 2019.

Qualified Opinion

In our opinion, except for the effects of such adjustments determined to be necessary had prior years' accounting records concerning the nonexpendable balance in the restricted endowment fund balance adequate, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lindsay-Strathmore Public Cemetery District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements I 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 operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that Lindsay-Strathmore Public Cemetery District's Schedule of Proportionate Share of the Net Pension Liability of California Employees' Retirement System – Last Ten Years and Schedule of Contributions to California Public Employees' Retirement System – Last Ten Years on pages 20 and 21 be presented to supplement the basic financial statements. Such information, although not 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of queries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lindsay-Strathmore Public Cemetery District's basic financial statements. The schedule of selected financial data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of selected financial data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of selected financial data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

David Farnsworth, CPA

David Farnsworth, CPA

Dublin, CA

January 3, 2019

FINANCIAL STATEMENTS

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

Statement of Net Position

June 30, 2019

ASSETS**Current assets**

Cash and cash equivalents	\$ 594,931
Accounts receivable	28,984
Revolving funds receivable	459
Inventory	6,495
Prepaid insurance	8,325
Total current assets	<u>639,194</u>

Restricted Assets

Cash and investments	668,574
Other receivable	5,500
Total restricted assets	<u>674,074</u>

Noncurrent assets

Land	231,511
Other capital assets, net of depreciation	<u>252,046</u>
Total capital assets	<u>483,557</u>

Other Assets

Net pension asset	<u>220,677</u>
Total assets	<u><u>\$2,017,502</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions	<u>55,287</u>
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LIABILITIES AND NET POSITION**Current liabilities**

Accounts payable	\$ 13,501
Accrued compensated absences	7,629
Accrued expenses	13,802
Other payable	5,500
Total current liabilities	<u>40,432</u>

Long-term liabilities

Unearned income	<u>105,963</u>
Total liabilities	<u>146,395</u>

Deferred Inflows of Resources

Deferred pensions	<u>64,656</u>
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Net Position

Net investment in capital assets	483,557
Restricted for:	
Cemetery care, expendable	86,067
Cemetery care, nonexpendable	588,007
Unrestricted	<u>704,107</u>
Total net position	<u><u>1,861,738</u></u>

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

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

Operating

Sale of lots and services	\$ 154,018
Sale of vaults and liners	45,220
Capital contributions	2,150
Miscellaneous	31,416

Total operating revenues	232,804
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Operating expenses

Salaries and employee benefits	230,983
Board compensation	1,050
Utilities	10,437
Communications	2,937
Legal and professional	10,690
Insurance	11,063
Repairs and maintenance, structures	20
Repairs and maintenance, grounds	8,093
Repairs and maintenance, equipment	11,042
Liners and vaults	26,669
Marker setting	170
Office	5,188
Uniforms	550
Administrative fees	2,510
Miscellaneous	8,742
Depreciation	29,381

Total operating expenses	359,525
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Operating income (loss)	(126,721)
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Non-operating Revenues (Expenses):

Donations	19
Farm income	94,607
Farm expense	(56,895)
Interest income	18,377
Property taxes	115,657

Non-operating revenues (expenses)	171,765
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Additions to Permanent Endowment Care	17,800
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Change in net position	62,844
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Net position, beginning of year	1,799,477
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Prior period adjustment	(583)
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Net position, beginning of year restated	1,798,894
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Net position, end of year	\$1,861,738
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The accompanying notes are an integral part of these financial statements.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows from operating activities

Cash received from customers	\$ 227,515
Cash paid to suppliers	(106,061)
Cash paid to employees	<u>(237,770)</u>

Net cash flows provided by operating activities	<u>(116,316)</u>
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Cash flows from noncapital financing activities

Property taxes	115,657
Restricted donation	19
Permanent endowment care	<u>17,800</u>

Net cash flows provided by noncapital financing activities	<u>133,476</u>
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Cash flow from capital and related financing activities

Purchase of capital assets	<u>(2,154)</u>
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Net cash flows provided by capital and related financing activities	<u>(2,154)</u>
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Cash flows from investing activities

Farm income, net	35,562
Interest income	<u>18,377</u>

Net cash flows provided by investing activities	<u>53,939</u>
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Net increase in cash and cash equivalents	68,945
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Cash and cash equivalents - beginning	<u>1,194,560</u>
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Cash and cash equivalents - ending	<u><u>\$ 1,263,505</u></u>
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The accompanying notes are an integral part of these financial statements.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2019

Reconciliation of operating income to net cash
provided by operating activities

Cash flows from operating activities

Net income from operations \$ (126,721)

Adjustments to reconcile operating income to net
cash provided by operating activities

Depreciation 29,381

Capital contributions (2,150)

Changes in operating assets and liabilities

Inventory 86

Prepaid insurance 585

Net pension asset (24,865)

Deferred outflows 208

Accounts payable (8,621)

Accrued expenses 9,357

Accrued compensated absences 729

Unearned income (3,139)

Deferred inflows 8,834

Net cash flows provided by operating activities

\$ (116,316)

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

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Lindsay-Strathmore Public Cemetery District (the District) was organized under the laws of the State of California to operate and maintain two cemeteries located within the District's boundaries. The District services the cities of Lindsay and Strathmore located in Tulare County, California. It is a State of California public special district.

B. Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District can impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statement incomplete or misleading

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

C. Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner like private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accrual basis of accounting is required for enterprise funds and is utilized by the District. Under this method, revenues are recorded when earned and expenditures or expenses are recorded when incurred.

E. Operating and Nonoperating Revenues

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment earnings, result from nonexchange transactions or ancillary activities.

F. Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Trustees. The budget is prepared on a detailed line item basis. Revenues are budgeted by source, and expenditures or expenses are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved, the Board of Trustees may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

F. Pension

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

G. Cash and Cash Equivalents

For the purposes of these financial statements, the District considers cash and all other highly liquid investments with original maturities of three months or less at date of purchase to be cash and cash equivalents.

H. Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 – 30 years
Vehicles	5 - 10 years
Equipment	5 – 10 years

J. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the District. Employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District but are recorded as expenditures in the year that sick leave is taken.

K. Equity Classifications

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

L. Compensated Absences

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

M. Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications (Continued)

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The District's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Nature and Purpose of Restricted Net Position

Restricted net position are amounts which are legally segregated for specific usage or commitments to outside third parties. Restricted net position presented in the statement of net position are for the maintenance and care of the cemetery facilities. These amounts include specific receipts from outside parties and the interest earned thereon. Per state law, the Board may not spend the principal of these restricted funds, however, the income is available for the current maintenance and care of the cemetery facilities. The expendable and nonexpendable components of the restricted net position as of June 30, 2019, were \$86,067 and \$588,007, respectively. The interest earned during the year ended June 30, 2019, was \$8,834.

O. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District. Property tax revenues are recognized by the District when received, except at year end, an accrual is made when property taxes are received soon enough thereafter to pay liabilities of the current period.

P. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the state of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of the net position that applies to future periods and will not be recognized as an inflows of resources (revenue) until that time.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

On June 30, 2019, the District had the following cash and investments on hand:

Petty cash	100
Cash in bank	159,131
Cash in County Treasury	<u>1,104,274</u>
Total cash and cash investments	<u>\$ 1,263,505</u>

Restricted and unrestricted cash and cash investments:

Restricted for cemetery care	668,574
Unrestricted	<u>594,931</u>
Total cash and cash investments	<u>1,263,505</u>

The District's cash in County Treasury was not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by the California Government Code.

The District maintains cash balance at a major bank with a strong credit rating. All accounts are insured through FDIC up to a balance of \$250,000. The cash balances were fully insured as of June 30, 2019. The District has not incurred any losses related to these balances.

NOTE 2. ACCOUNTS RECEIVABLE

Accounts receivable represents crop proceeds not received at June 30, 2019. The District determines collectability based on collection history of the District and analysis of the outstanding balances. The balances are deemed fully collectible; therefore, no allowance has been made as of June 30, 2019.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

NOTE 3. CAPITAL ASSETS

The District capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 231,511	\$ -	\$ -	\$ 231,511
Other capital assets:				
Buildings and improvements	140,516	-	-	140,516
Roads	127,556	-	-	127,556
Irrigation and grounds	160,240	4,304	(7,471)	157,073
Equipment	525,449	-	-	525,449
Total other capital assets	953,761	4,304	(7,471)	950,594
Accumulated depreciation	(676,054)	(29,381)	6,887	(698,548)
Other capital assets, net	277,707	(25,077)	(584)	252,046
Capital assets, net	\$ 509,218	\$ (25,077)	\$ (584)	\$ 483,557

NOTE 6. EMPLOYEES RETIREMENT PLAN**Plan Description**

Qualified employees are covered under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400P Street, Sacramento, CA 95814.

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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)

Benefits Provided (Continued)

reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

Employer Rate Plans in the Miscellaneous Risk Pool

Employer rate plan	Miscellaneous	PEPRA Misc.
	Prior to January	On or after January
Hire Date	01, 2013	01, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as of % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.912%	6.25%
Required employer contribution rates	7.634%	6.842%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS 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 Lindsay Strathmore Public Cemetery District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Lindsay Strathmore Public Cemetery District's contributions to the risk pools in the Plan for the year ended June 30, 2019, were as follows:

	Contributions
Miscellaneous Risk Pool	\$10,485
Safety Risk Pool	0
Total contributions	<u>\$10,485</u>

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)

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

As of June 30, 2019, Lindsay Strathmore Public Cemetery District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	(\$220,675)
Safety Risk Pool	0
Total net pension liability	(\$220,675)

* The proportionate share of the total NPL to each of the enterprise and internal service funds is not being allocated because it is deemed to have an immaterial effect on the financial statements.

The Lindsay Strathmore Public Cemetery District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Lindsay Strathmore Public Cemetery District's proportionate share of the net pension liability as of June 30, 2017, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2017. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Lindsay Strathmore Public Cemetery District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Lindsay Strathmore Public Cemetery District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Lindsay Strathmore Public Cemetery District's proportionate share of the net pension liability as of June 30, 2018, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2018, by

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2018, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability. The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2018, was calculated by applying Lindsay Strathmore Public Cemetery District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2018, to obtain the total pension liability and fiduciary net position as of June 30, 2018. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date. The Lindsay Strathmore Public Cemetery District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2017, and June 30, 2018, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date – June 30, 2017	(0.004967) %
Proportion at measurement date – June 30, 2018	(0.005855) %
Change – increase (decrease)	(0.000888) %

For the year ended June 30, 2019, the Lindsay Strathmore Public Cemetery District recognized pension expense of (\$5,338). At June 30, 2019, the Lindsay Strathmore Public Cemetery District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$6,738	(\$2,500)
Changes of Assumptions	21,955	(4,906)
Net Difference between Projected and Actual Earnings on Pension Plan	0	(24,333)
Adjustment due to Differences in Measurement	13,821	(204)
Differences between Actual and Required Contributions	2,288	(32,713)
Contributions after Measurement Date	10,485	0
Total	\$55,287	(\$64,656)

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date	Deferred Outflows/(Inflows) of Resources
June 30:	
2019	(\$415)
2020	(3,853)
2021	(12,985)
2022	(2,601)
2023	0
Thereafter	0
Total	(19,854)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase ⁽¹⁾	Varies by Age & Length of Service
Investment Rate of Return ⁽²⁾	7.00%
Mortality Rate Table ⁽³⁾	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The 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.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 6. EMPLOYEES RETIREMENT PLAN (Continued)

These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10^(a)	Real Return Years 11+^(b)
Global Equity	50.0%	4.8%	5.98%
Fixed Income	28.0	1.0	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.3	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0.0	(0.92)

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Lindsay Strathmore Public Cemetery District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Lindsay Strathmore Public Cemetery District's proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the Lindsay Strathmore Public Cemetery 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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Lindsay Strathmore Public Cemetery District's proportionate share of the Miscellaneous Risk Pool's net pension liability	(\$114,200)	(\$220,675)	(\$308,570)

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the District contracted with private insurance agencies for liability, property, crime damage, and employee and director insurances.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 8. CONTINGENCIES

As of June 30, 2019, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 3, 2019, the date the financial statements were available to be issued.

NOTE 11. PRIOR PERIOD ADJUSTMENT

The prior period adjustment consists of capital assets that were discarded in prior years, but the deletion of these capital assets was not recorded until fiscal year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF CALIFORNIA PUBLIC EMPLOYERES' RETIREMENT
SYSTEM – LAST TEN YEARS
June 30, 2019

	Measurement Date June 30, 2014	Measurement Date June 30, 2015	Measurement Date June 30, 2016	Measurement Date June 30, 2017	Measurement Date June 30, 2018
Plan's Proportion of the PERF C Net Pension Liability/(Asset)	(0.003049) %	(0.003441) %	(0.002269) %	(0.001974) %	(0.002290) %
Plan's Proportionate Share of the Net Pension Liability/(Asset)	(\$189,692)	(\$236,175)	(\$196,299)	(\$195,812)	(\$220,677)
Plan's Covered-Employee Payroll	\$60,328	\$109,501	\$176,673	\$174,725	\$165,498
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	(314.43) %	(215.68) %	(111.11) %	(112.07) %	(133.34) %
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	(146.02) %	(146.02) %	(132.77) %	123.92%	128.04%

Notes to Schedule:

Changes of benefit terms – There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions – The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent.

* Fiscal Year 2015 was the first year of implementation, therefore only 5 years are shown.

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS – LAST TEN YEARS
June 30, 2019

Miscellaneous Plan

	CalPERS Fiscal Year 2014-15	CalPERS Fiscal Year 2015-16	CalPERS Fiscal Year 2016-17	CalPERS Fiscal Year 2017-18	CalPERS Fiscal Year 2018-19
Actuarially Determined Contributions	\$7,284	\$11,853	\$11,525	\$10,746	\$10,485
Actual Contributions During the Measurement Period	(\$7,284)	(\$11,853)	(\$11,525)	(\$10,746)	(\$10,485)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
Covered-Employee Payroll	\$109,051	\$176,673	\$160,986	\$165,498	\$138,373
Contributions as a Percentage of Covered-Employee Payroll	6.65%	6.71%	7.16%	6.49%	7.58%

Notes to Schedule:

Contribution Valuation Date:	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
	June 30, 2016			

* Fiscal Year 2015 was the first year of implementation, therefore only 5 years are shown.

SUPPLEMENTARY INFORMATION

LINDSAY-STRATHMORE PUBLIC CEMETERY DISTRICT**SELECTED FINANCIAL DATA****FOR THE YEAR ENDED JUNE 30**

Description	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sale of lots and services	154,018	165,871	128,772	116,997	149,798
Sale of vaults and liners	<u>45,220</u>	<u>43,540</u>	<u>38,539</u>	<u>41,886</u>	<u>47,638</u>
Total operating revenues	199,238	209,411	167,311	158,883	197,436
Total operating expenses	359,525	350,903	336,758	363,340	331,833
Net operating income (loss)	(160,287)	(141,492)	(169,447)	(204,457)	(134,397)
Property taxes and aid from governmental agencies	115,657	113,473	105,782	105,786	107,623
Net farm income	37,712	52,023	86,514	11,671	17,461
Increase (decrease in net position, excluding endowment care	62,844	52,778	72,009	(54,133)	29,416
Unrestricted cash and cash investments (bank and county)	594,931	553,609	534,627	544,654	611,274