

PLACER COUNTY
CEMETERY DISTRICT #1
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2017

PLACER COUNTY CEMETERY DISTRICT #1
Lincoln, California

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PLACER COUNTY CEMETERY DISTRICT #1

Management's Discussion and Analysis

June 30, 2017

This section of the annual financial report of the Placer County Cemetery District #1 (District) presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follow this section.

FINANCIAL HIGHLIGHTS

The following summarizes the District's financial highlights for the year ended June 30, 2017.

- In total, government-wide net position was \$11,375,038.
- General revenues accounted for \$1,511,913 or 89.12% of total revenues.
- Total government-wide assets were \$11,888,679, cash and investments were \$8,414,929 of which \$400,641 was restricted and net capital assets totaled \$3,351,035.
- Total program expenses were \$1,037,778, as noted in table 2.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short-term, as well as what remained for future spending.

PLACER COUNTY CEMETERY DISTRICT #1

Management's Discussion and Analysis

June 30, 2017

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Governmental Funds

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

PLACER COUNTY CEMETERY DISTRICT #1

Management's Discussion and Analysis

June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table presents a summary of the District's statement of net position by category as of June 30, 2017 and 2016.

TABLE 1: NET POSITION

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Current and Other Assets	\$ 8,537,644	\$ 7,659,969
Capital Assets	<u>3,351,035</u>	<u>3,485,938</u>
 Total Assets	 <u>\$ 11,888,679</u>	 <u>\$ 11,145,907</u>
 Liabilities		
Current Liabilities	\$ 32,709	\$ 25,202
Deferred Revenues	175,185	161,264
Net Pension Obligation	208,687	156,979
Pension Plan Deferrable & Deferred Inflows	<u>97,060</u>	<u>86,151</u>
 Total Liabilities	 <u>513,641</u>	 <u>429,596</u>
 Net Position		
Invested in Capital Assets, net of related debt	3,351,035	3,485,938
Restricted	400,641	378,631
Assigned	3,779,246	3,058,425
Unassigned	<u>3,844,116</u>	<u>3,793,317</u>
 Total Net Position	 <u>11,375,038</u>	 <u>10,716,311</u>
 Total Liabilities and Net Position	 <u>\$ 11,888,679</u>	 <u>\$ 11,145,907</u>

PLACER COUNTY CEMETERY DISTRICT #1
Management's Discussion and Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

A summary of total District revenues, expenses, and changes in net position is presented in the table below.

TABLE 2: CHANGES IN NET POSITION

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 161,867	\$ 162,514
General Revenues:		
Taxes	1,402,549	1,312,870
Interest and Investment Earnings	106,146	86,052
Other Income	<u>3,218</u>	<u>28,097</u>
 Total Revenues	 <u>1,673,780</u>	 <u>1,589,533</u>
 Program Expenses		
Governmental Activities	854,830	794,418
Depreciation	<u>182,948</u>	<u>186,093</u>
 Total Expenses	 <u>1,037,778</u>	 <u>980,511</u>
 Endowment Care	 <u>22,725</u>	 <u>23,900</u>
 Changes in Net Position	 <u><u>\$ 658,727</u></u>	 <u><u>\$ 632,922</u></u>

TABLE 3: GOVERNMENTAL ACTIVITIES

	<u>Total Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>
Governmental Activities	\$ 854,830	\$ 794,418
Depreciation - Unallocated	<u>182,948</u>	<u>186,093</u>
 Total Governmental Activities	 <u><u>\$ 1,037,778</u></u>	 <u><u>\$ 980,511</u></u>

PLACER COUNTY CEMETERY DISTRICT #1

Management's Discussion and Analysis

June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

The table on page 4 displays, by function, the total and net costs of services provided. The net cost of services represents the total cost less grants and contributions and for revenue received where a charge is made for services provided.

Endowment Care Fund

The endowment care fund had cash balance at June 30, 2017 of \$400,641. The endowment care fund increased by \$22,010 for the fiscal year ended June 30, 2017.

General Fund Budgetary Highlights

As finalized by the Board of Directors, budgeted revenues totaled \$1,451,500. Budgeted expenditures totaled \$1,101,500. Revenues exceeded budget by \$216,031 while expenditures were less than budget by \$406,300 resulting in an overall positive variance of \$756,300.

Capital Assets at Year End-Net of Depreciation

As of June 30, 2017 and 2016 the District owned the following capital assets:

TABLE 4: CAPITAL ASSETS

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Capital Assets		
Land	\$ 15,450	\$ 15,450
Structures and Improvements	4,630,899	4,630,899
Equipment	475,585	427,540
Accumulated Depreciation	<u>(1,770,899)</u>	<u>(1,587,951)</u>
Total Capital Assets-Net of Depreciation	<u>\$ 3,351,035</u>	<u>\$ 3,485,938</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact Placer County Cemetery District #1, 250 Santa Clara Way, Lincoln, CA 95648.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Placer County Cemetery District #1
Lincoln, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Placer County Cemetery District #1 as of and for the years ended June 30, 2017 and 2016, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Placer County Cemetery District #1, as of June 30, 2017 and 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5, the budgetary comparison schedule on page 30, and schedule of required supplementary schedule-Pension Plan on page 32 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2017, on our consideration of the Placer County Cemetery District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Placer County Cemetery District #1's internal control over financial reporting and compliance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
September 20, 2017

PLACER COUNTY CEMETERY DISTRICT #1

Statement of Net Position
June 30, 2017 and 2016

	2017 Governmental Activities	2016 Governmental Activities
Assets		
Current Assets		
Cash & Cash Equivalents	\$ 8,014,288	\$ 7,227,196
Interest Receivable	9,883	7,850
Due From Other Governments	6,606	8,626
Contracts Receivables	10,588	7,122
Prepaid Expenses	-	-
Inventory	8,548	13,035
Total Current Assets	8,049,913	7,263,829
Fixed Assets		
Land	15,450	15,450
Buildings & Improvements	4,630,899	4,630,899
Equipment	475,585	427,540
Accumulated Depreciation	(1,770,899)	(1,587,951)
Total Fixed Assets	3,351,035	3,485,938
Other Assets		
Permanently Restricted Investments	400,641	378,631
Deferred Outflows of Resources		
Pension Plan Contributions (Note 6)	87,090	17,509
Total Assets	\$ 11,888,679	\$ 11,145,907
Liabilities		
Accounts Payable	\$ 12,944	\$ 4,043
Accrued Payroll	19,765	21,159
Net Pension Obligations (Note 6)	208,687	156,979
Total Liabilities	241,396	182,181
Deferred Inflows of Resources		
Pension Plan Deferrals (Note 6)	97,060	86,151
Deferred Revenue	175,185	161,264
Total Deferred inflows of Resources	272,245	247,415
Net Position		
Investment in Fixed Assets, Net of Related Debt	3,351,035	3,485,938
Restricted- Nonexpendable:		
Endowment Care	400,641	378,631
Assigned	3,779,246	3,058,425
Unassigned	3,844,116	3,793,317
Total Net Position	11,375,038	10,716,311
Total Liabilities and Net Position	\$ 11,888,679	\$ 11,145,907

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

PLACER COUNTY CEMETERY DISTRICT #1

Statement of Activities

For the Year Ended June 30, 2017 and 2016

	<u>2017</u> <u>Governmental</u> <u>Activities</u>	<u>2016</u> <u>Governmental</u> <u>Activities</u>
Expenses		
Governmental Activities-Cemetery Services:		
Personnel Services	\$ 616,819	\$ 580,350
Materials and Supplies	238,011	214,068
Depreciation	182,948	186,093
	<u>1,037,778</u>	<u>980,511</u>
Total Program Expenses		
	<u>1,037,778</u>	<u>980,511</u>
Program Revenues		
Charges for Services	<u>161,867</u>	<u>162,514</u>
Net Program Expenses	<u>875,911</u>	<u>817,997</u>
General Revenues		
Taxes:		
Property Taxes	1,402,549	1,312,870
Other Income	3,218	28,097
Investment Earnings	106,146	86,052
	<u>1,511,913</u>	<u>1,427,019</u>
Total General Revenues		
	<u>1,511,913</u>	<u>1,427,019</u>
Endowment Care	<u>22,725</u>	<u>23,900</u>
Change in Net Position	658,727	632,922
Net Position-Beginning of Year	<u>10,716,311</u>	<u>10,083,389</u>
Net Position-End of Year	<u>\$ 11,375,038</u>	<u>\$ 10,716,311</u>

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

PLACER COUNTY CEMETERY DISTRICT #1

Balance Sheet-Governmental Funds

June 30, 2017 and 2016

	General Funds	Other Funds	2017 Total Governmental Funds	2016 Total Governmental Funds
Assets				
Cash & Cash Equivalents	\$ 7,937,173	\$ 77,115	\$ 8,014,288	\$ 7,227,196
Interest Receivable	9,322	562	9,884	7,850
Contracts Receivable	10,588	-	10,588	7,122
Due from Other Governments	6,606	-	6,606	8,626
Inventory	8,548	-	8,548	13,035
Permanently Restricted Investments	-	400,641	400,641	378,631
Total Assets	<u>\$ 7,972,237</u>	<u>\$ 478,318</u>	<u>\$ 8,450,555</u>	<u>\$ 7,642,460</u>
Liabilities				
Accounts Payable	\$ 12,944	\$ -	\$ 12,944	\$ 4,043
Total Liabilities	<u>12,944</u>	<u>-</u>	<u>12,944</u>	<u>4,043</u>
Deferred Inflows of Resources				
Deferred Revenue	175,185	-	175,185	161,264
Fund Balances				
Nonspendable:				
Inventory	8,548	-	8,548	13,035
Endowment Care	-	400,641	400,641	377,916
Assigned				
Future Occurrences	1,020,000	-	1,020,000	670,000
Capital Assets	750,000	-	750,000	750,000
New Cemetery Development	963,239	-	963,239	963,239
Unassigned	<u>5,042,321</u>	<u>77,677</u>	<u>5,119,998</u>	<u>4,702,963</u>
Total Fund Balances	<u>7,784,108</u>	<u>478,318</u>	<u>8,262,426</u>	<u>7,477,153</u>
Total Liabilities and Fund Balances	<u>\$ 7,972,237</u>	<u>\$ 478,318</u>	<u>\$ 8,450,555</u>	<u>\$ 7,642,460</u>

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

PLACER COUNTY CEMETERY DISTRICT #1
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2017 and 2016

	<u>General Funds</u>	<u>Other Funds</u>	<u>2017 Total Governmental Funds</u>	<u>2016 Total Governmental Funds</u>
Revenues				
Property Taxes	\$ 1,391,630	\$ -	\$ 1,391,630	\$ 1,302,019
Intergovernmental Revenues	10,918	-	10,918	10,851
Charges for Current Services	161,867	22,725	184,592	186,414
Use of Money & Property	99,898	6,248	106,146	86,052
Other Income	3,218	-	3,218	28,097
	<u>1,667,531</u>	<u>28,973</u>	<u>1,696,504</u>	<u>1,613,433</u>
Expenditures				
Cemetery Services:				
Salaries & Benefits	625,174	-	625,174	574,726
Services and Supplies	238,011	-	238,011	214,068
Capital Outlay	48,046	-	48,046	25,794
	<u>911,231</u>	<u>-</u>	<u>911,231</u>	<u>814,588</u>
Excess of Revenues Over Expenditures	<u>756,300</u>	<u>28,973</u>	<u>785,273</u>	<u>798,845</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	756,300	28,973	785,273	798,845
Fund Balances-June 30, 2016 & 2015	<u>7,027,808</u>	<u>449,345</u>	<u>7,477,153</u>	<u>6,678,308</u>
Fund Balances-June 30, 2017 & 2016	<u>\$ 7,784,108</u>	<u>\$ 478,318</u>	<u>\$ 8,262,426</u>	<u>\$ 7,477,153</u>

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

PLACER COUNTY CEMETERY DISTRICT #1
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
June 30, 2017 and 2016

	2017	2016
Fund Balances of Governmental Funds	8,262,426	\$ 7,477,153
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.	3,351,035	3,485,938
Amounts to be provided to pay future vacation pay do not require current resources	(19,765)	(21,159)
Amounts to be provided to pay future pension benefits do not require current resources	(218,657)	(225,621)
Net Position of Governmental Activities	\$ 11,375,039	\$ 10,716,311

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

PLACER COUNTY CEMETERY DISTRICT #1
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances-Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2017 and 2016

	2017	2016
Excess of Revenues Over Expenditures of Governmental Funds	\$ 785,273	\$ 798,845
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlays is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions of \$48,045 in 2017 and \$25,794 in 2016 which did not exceed depreciation of \$182,948 in 2017 and \$186,093 in 2016.	(134,903)	(160,299)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consists of compensated absences. The decrease in compensated absences liability totaled \$1,394 in 2017 and increase \$3,854 in 2016. also included in long term liabilities is pension obligation decrease of \$6,964 in 2017 and increase of \$1,770 in 2016.	8,358	(5,624)
Change in Net Position of Governmental Funds	\$ 658,728	\$ 632,922

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

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policy

A. The Reporting Entity

Placer County Cemetery District #1 (the District) is a special District of Placer County. The District was formed in 1925 to provide and maintain burial grounds for residents in the geographical area covered by the District. The basic operations of the District are provided by portions of property taxes paid to Placer County, services and sales of burial sites. In the statement of revenues, expenditures, and changes in fund balances, these operations are reflected in the general funds.

The financial statements of Placer County Cemetery District #1 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

The accounting methods and procedures adopted by the District conform to generally accepted accounting principles as applied to government entities.

B. Basis of Presentation

Governmental-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if any. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

PLACER COUNTY CEMETERY DISTRICT #1
Notes to Financial Statements
June 30, 2017

Note 1 Summary of Significant Accounting Policy (Continued)

B. Basis of Presentation (Continued)

Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditures/expenses. Funds are organized into three major categories; government, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria.

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund-The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Permanent Funds-Permanent Funds report trust arrangements in which the reporting government is the beneficiary of the earnings on the principal.

Major Funds-The District has four funds, all of which are designated as major funds as follows:

General Fund-See above description

Endowment Fund-Accounts for endowment fees collected by the District on grave sales which are permanently restricted, and interest earned on endowment funds which are unrestricted.

Benefits Assessment Fund-Accounts for assets held by the District in a trustee capacity. All funds are expendable with a portion designated for future use. The District discontinued the collection of fees for the Benefit Assessment District after the fiscal year 1999.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policy (Continued)

B. Basis of Presentation (Continued)

New Cemetery Development Fund- the New Cemetery Development Fund is used to account for assets held by the District in a trustee capacity. All funds are expendable with a portion designated for future use. Funds are to be used for the acquisition and development of a new cemetery.

C. Measurement Focus and Basis for Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources focus as defined in item 2 below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. The “current financial resources” measurement focus is used when accounting for all governmental funds. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balance as a measure of available spendable financial resources at the end of the period.
2. The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policy (Continued)

C. Measurement Focus and Basis for Accounting (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental accounting activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues, are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

D. Budgetary Data

The District follows the following procedures in establishing the budgetary data reflected in the financial statements for the general fund:

1. A proposed operating budget for the fiscal year beginning July 1 is presented to the Board of Directors at the July meeting. The operating budget includes proposed expenditures and the means to finance them.
2. By August 1, the Board of Directors adopts a final budget and submits it to Placer County. Placer County adjusts the budget to reflect their most current estimates of tax revenues. These adjustments are automatically accepted by the governing board.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policy (Continued)

E. Property Taxes

Property taxes are attached as an enforceable lien on property as of January 1st. Taxes are levied on July 1st and are payable in two installments on December 10th and April 10th. All general property taxes are allocated by the County Auditor-Controller's office to the various taxing entities in installments during the year.

Placer County has elected into the Teeter Plan for property tax distributions. Therefore, the District receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectable taxes is provided.

Property taxes are accrued as receivables in the period when they are levied. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities, for the current period. This period was 60 days from the end of the fiscal year.

F. Cash and Investments

Cash includes accounts maintained with the District's fiscal agent, Placer County. Placer County does not allow the District to make independent investments of excess funds.

G. Inventory

Inventory consists of uninstalled vaults. Inventory is stated at cost using the first-in, first-out method of accounting.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenses during the reporting period. Actual results could differ from those estimates.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policy (Continued)

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

GASB Statement No. 34 requires the District to report and depreciate infrastructure assets. Infrastructure assets include roads, underground pipe, etc.

J. Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CalPERS Finance 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 CalPERS' website under Forms and Publications.

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

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

PLACER COUNTY CEMETERY DISTRICT #1
Notes to Financial Statements
June 30, 2017

Note 2 Cash and Investments

Cash and investments were comprised of the following at June 30, 2017 and 2016:

	2017	2016
Investments	\$ 8,014,288	\$ 7,227,196
Total Cash and Cash Equivalents	\$ 8,014,288	\$ 7,227,196

Investments

The District's investment policy, in conformity with applicable California General Statutes, authorizes investments in Placer County pooled funds. The value of the position in the pools is the same as the pool shares. These investments are not categorized since these funds and pools contain a diversified portfolio of securities within each category as defined in the following paragraph:

Category 1 includes investments that are insured or registered or for which collateral is held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or its trust department in the District's name. Category 3 includes unsecured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

PLACER COUNTY CEMETERY DISTRICT #1
Notes to Financial Statements
June 30, 2017

Note 3 Capital Assets and Depreciation

Capital asset activity of the year ended June 30, 2017 was as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017
Governmental Activities:				
Land	\$ 15,450	\$ -	\$ -	\$ 15,450
Structures and Improvements	4,630,899	-	-	4,630,899
Equipment	427,540	48,045	-	475,585
Total Depreciable Assets	5,058,439	48,045	-	5,106,484
Accumulated Depreciation:				
Structures and Improvement	(1,169,487)	(155,580)	-	(1,325,067)
Equipment	(418,464)	(27,368)	-	(445,832)
Total Accumulated Depreciation	(1,587,951)	(182,948)	-	(1,770,899)
Total Capital Assets, Net Accumulated Depreciation	\$ 3,485,938	\$ (134,903)	\$ -	\$ 3,351,035

Depreciation expense for the year ended June 30, 2017 was \$182,948 and has been recorded in cemetery services in the statement of activities.

Note 4 Leave Policies

An employee may accumulate vacation pay up to 480 hours of vacation. Upon termination of employment, for any reason, employees are paid 100% of their accumulated vacation pay. At June 30, 2017, the accumulated vacation pay accrual was \$19,765.

Note 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; natural disasters.

There is no claims liability to be reported based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 5 Risk Management (Continued)

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

General Liability Coverage: The District carries a commercial general liability and wrongful acts insurance policy with coverage of \$250,000 per occurrence and an aggregate per coverage of \$250,000. The District's automobile liability and physical damage policy limits are \$49,750,000.

Worker's Compensation Coverage: The District carries a workers' compensation insurance policy in the amount of \$50,000,000 per incident per employee.

Note 6 Defined Benefits Pension Plan

The District provides eligible employees pension plan benefits through the Placer County Cemetery District #1 – Miscellaneous Plan (The Plan).

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

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

PLACER COUNTY CEMETERY DISTRICT #1
Notes to Financial Statements
June 30, 2017

Note 6 Defined Benefits Pension Plan (Continued)

difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the active employee contribution rate is 6.886 percent of annual pay, and the average employer’s contribution rate is 11.771 percent of annual payroll (including 3.35 percent of projected payroll of UAL contribution).

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS strews tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 6 Defined Benefits Pension Plan (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Global Equity	47.0%	5.25	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.5	5.13
Infrastructure and Forestland	3.0	4.5	5.09
Liquidity	2.0	(0.55)	(1.05)

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	<u>Increase (Decrease)</u>		
	<u>Plan Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Plan Net Pension Liability/(Asset) (c) = (a) - (b)</u>
Balance at : 6/30/2015 (MD)	\$ 1,105,250	\$ 948,271	\$ 156,979
Balance at : 6/30/2016 (MD)	\$ 1,186,553	\$ 977,866	\$ 208,687
Net Changes during 2015-16	\$ (81,303)	\$ (29,595)	\$ (51,708)

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 6 Defined Benefits Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate - 1%</u> <u>(6.50%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (7.50%)</u>	<u>Discount Rate + 1%</u> <u>(8.50%)</u>
Plan's Net Pension Liability/(Asset)	\$ 355,174	\$ 208,687	\$ 85,208

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended June 30, 2017 and 2016, Pension Expense recognized is as follows:

Pension Expense - June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Total Service Costs	\$ 29,230	\$ 34,474
Payment on Amortization base	-	9,800
Recognize Changes of Assumptions	(5,440)	-
Interest on TPL	88,201	82,894
Plans Share of Employee Contribution	(13,727)	(26,444)
Changes of Benefits Terms	91	-
Projected Earnings on PPL	(70,898)	(67,650)
Recognized Difference Between Projected and Actual Plan Earnings	487	(15,489)
Recognized Portion of Adjustment Due to Difference in Proportions	(2,035)	(2,620)
Recognize Difference Between Projected & Actual Earnings on Plan Investment	7,402	-
Amortization of Deferred (Outflows)/Inflows	-	12,479
Administrative Expenses	<u>576</u>	<u>-</u>
Total Pension Expense Recognized	<u><u>\$ 33,887</u></u>	<u><u>\$ 27,444</u></u>

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 6 Defined Benefits Pension Plan (Continued)

For the measurement period ended June 30, 2016 (the measurement date), the Placer County Cemetery District #1 incurred a pension expense/(income) of \$33,887 for the Plan (the pension expense for risk pool for the measurement period is \$396,802,310).

As of June 30, 2017, the Placer County Cemetery District #1 reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 894	\$ -
Changes of Assumptions	-	10,973
Net Difference between Projected and Actual Earnings on Pension Plan Investments	57,112	83,355
Adjustment due to Differences in Proportions	1,181	-
Pension Contributions made Subsequent to Measurement Date	27,902	-
Difference between Employer Contributions	-	<u>2,732</u>
 Total	 <u>\$ 87,089</u>	 <u>\$ 97,060</u>

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

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2018	2,170
2019	3,260
2020	2,715
2021	2,715
2022	-
Thereafter	-

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 7 Other Post-Employment Benefits Plan

Plan Description

The District contributes to the California Employees Retiree Benefit Trust (CERBT), administered by CALPERS. The plan provides for the District to contribute 100% of the cost of health insurance premiums for retirees and their spouses.

Annual OPEB Cost and Net Obligation

The District's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the years, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the plan:

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$ 22,793	\$ 27,086
Interest on net OPEB Obligation	5,011	4,855
Amortization of net OPEB obligation	<u>11,721</u>	<u>11,380</u>
 Annual OPEB Cost	 39,525	 43,321
Payments made	(39,525)	(43,321)
(Increase) decrease in net OPEB obligation assets	<u>-</u>	<u>-</u>
Net OPEB obligation (asset)-beginning of year	-	-
Net OPEB obligation (asset)-end of year	<u>\$ -</u>	<u>\$ -</u>

Fiscal year 2008 was the year of implementation of GASB Statement No. 43 and 45 and the district has elected to implement prospectively to future years, three year trend information will be presented.

The following table shows the 3 year trend information for the District's annual OPEB cost; the amount actually contributed to the plan and the changes in the District's net OPEB obligation to the Plan.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 65,816	100.00%	\$ -
June 30, 2015	\$ 67,955	100.00%	\$ -
June 30, 2016	\$ 43,321	100.00%	\$ -
June 30, 2017	\$ 39,525	100.00%	\$ -

PLACER COUNTY CEMETERY DISTRICT #1
Notes to Financial Statements
June 30, 2017

Note 7 Other Post-Employment Benefits Plan (Continued)

Funding Policy, Funded Status, and Funding Progress

Placer County Cemetery District #1 contributes 100% of the cost of current year premiums for eligible retired plan member and their spouses. For fiscal year ended June 30, 2017, the District made contributions of \$39,525 to the Plan.

As of June 30, 2017, (actuarial valuation date) the actuarial accrued liability for benefits was \$1,079,955. The covered payroll (annual payroll of active employees covered by the Plan) was \$347,932, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 32.22%.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

A projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits proving at the time of each valuation and the historical pattern of sharing of benefits cost between the employer and the plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Financial Statements

June 30, 2017

Note 8 Fund Balance Classifications

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The following classifications describe the relative strength of the spending constraints:

- *Non spendable fund balance* – amounts that are not in spendable form or are required to be maintained intact.
- *Restricted fund balance* – amount constrained to specific purposes by their Providers (such as grantors, bondholders, and higher levels of government), though constitutional provisions, or enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's board or by an official or body to which the District's board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Note 9 Subsequent Events

Management has evaluated subsequent events through October 26, 2017, the date these financial statements were available for release

PLACER COUNTY CEMETERY DISTRICT #1
Budgetary Comparison Schedule
General fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 1,329,000	\$ 1,329,000	\$ 1,402,548	\$ 73,548
Charges for Current Services	92,000	92,000	161,867	69,867
Interest	25,000	25,000	99,898	74,898
Other Income	5,500	5,500	3,218	(2,282)
Total Revenue	1,451,500	1,451,500	1,667,531	216,031
Expenditures				
Salaries & Employee				
Benefits	657,000	657,000	625,174	31,826
Service & Supplies	297,000	297,000	238,011	58,989
Capital Outlay	147,500	147,500	48,046	99,454
Total Expenditures	1,101,500	1,101,500	911,231	190,269
Excess of Revenues Over Expenditures	350,000	350,000	756,300	406,300
Other Financing Sources (Uses)				
Transfers Out			-	
Total Other Financing Sources (Uses)			-	
Net Change in Fund Balances			756,300	
Fund Balances-June 30, 2016			7,027,808	
Fund Balances-June 30, 2017			\$ 7,784,108	

The accompany notes to financial statements are an integral part of this statement.

PLACER COUNTY CEMETERY DISTRICT #1

Notes to Required Supplementary Information on
Budgetary Accounting and Control
June 30, 2017

NOTE A: General Budget Policies

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) and consistent with the basis used for financial reporting. There are no reconciling items between the budgetary information and the GAAP information.

PLACER COUNTY CEMETERY DISTRICT #1
Schedules of Required Supplementary Information - Pension Plan
June 30, 2017 and 2016

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00875%	0.01170%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 208,687	\$ 156,979
Plan's Covered-Employee Payroll	\$ 332,658	\$ 320,971
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	62.73%	48.91%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.41%	85.80%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 32,460	\$ 34,474

Schedule of Plan Contributions

	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially Determined Contribution	\$ 36,745	\$ 32,877
Contributions in Relation to the Actuarially Determined Contribution	<u>(36,745)</u>	<u>(32,877)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 332,658	\$ 320,971
Contributions as a Percentage of Covered-Employee Payroll	11.05%	10.24%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 as they have minimal cost impact.

Change in Assumptions: None



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Directors
Placer County Cemetery District #1
Lincoln, CA

We have audited the financial statements of the Placer County Cemetery District #1 (District), as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Placer County Cemetery District #1 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies in internal controls over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Placer County Cemetery District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Members of the Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
September 20, 2017