

EAST KERN CEMETERY DISTRICT

**KERN COUNTY
MOJAVE, CALIFORNIA**

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2018**

BURKEY COX EVANS & BRADFORD
Accountancy Corporation
1058 West Avenue M-14, Suite B
Palmdale, CA 93551

**EAST KERN CEMETERY DISTRICT
BOARD OF TRUSTEES AND PERSONNEL
JUNE 30, 2018**

BOARD OF TRUSTEES

<u>TRUSTEE</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Victor Yaw	Chairman	November 30, 2019
Glenda Willie	Vice-Chairman	March 11, 2020
Harold L. Smith	Trustee	November 30, 2019
Owen L. Carder III	Trustee	March 11, 2020
Buford Land	Trustee	March 11, 2020

PERSONNEL

Paul Holzer, Manager

EAST KERN CEMETERY DISTRICT
JUNE 30, 2018

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FINANCIAL INFORMATION



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
East Kern Cemetery District
Mojave, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on page 37, schedule of the District's proportionate share of net pension liability on page 38, and schedule of District pension contributions on page 39 identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
February 15, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

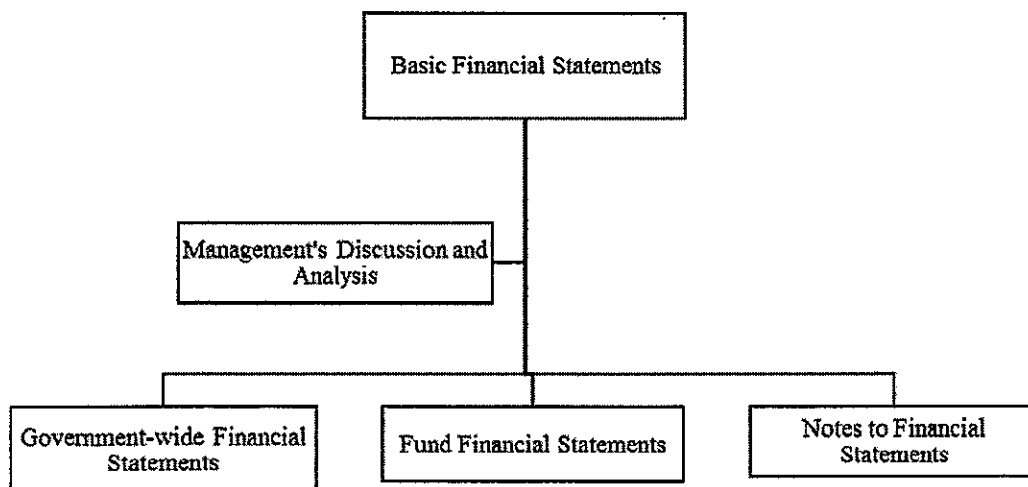
The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the East Kern Cemetery District (the District) provides an introduction to the financial statements of the District for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows of resources were valued at \$1,551,034 on June 30, 2018.
- The District's total liabilities and deferred inflows of resources were valued at \$736,496 on June 30, 2018.
- The District's total net position was valued at \$814,538 on June 30, 2018.
- Total net position continued to remain stable with a 20.35% increase from prior fiscal year.
- Operating revenues for the year were \$481,052 which is \$26,871 more than revenue collected in the prior fiscal year.
- Operating expenses totaled \$451,480. Operating expenses were \$54,017 more than the prior fiscal year.
- Total revenues for this fiscal year ended June 30, 2018, were \$32,184 more than total expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to financial statements. The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District. The required components of annual financial report follow.



**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the government-wide financial statements. The statements provide both short and long-term information about the District's financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The two government-wide statements report the District's net position and how they have changed. Net position reported on the Statement of Net Position is the difference between the District's total assets and total liabilities. The Statement of Activities presents information showing how the District's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The two government-wide statements are each divided into a category for governmental activities. The governmental activities include the District's basic services. Property tax funds finance most of these activities.

The government-wide financial statements are on pages 9 through 10 of this report.

The next statements within the basic financial statements are the fund financial statements. These statements focus on the activities of the individual parts of the District's government at a more detailed level than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the fiduciary fund statements. The fund financial statements provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the District's Endowment Care Fund. All of the funds of the District are in the category of governmental funds.

Governmental Funds – Governmental funds are used to account for those same functions reported as governmental activities in the government-wide financial statements. The District's basic services are accounted for in governmental funds. Governmental funds financial statements focus on the near-term inflows and outflows or spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

In general, these financial statements under the modified accrual basis have a short-term emphasis and for the most part, measure and account for cash and receivables collectible within a very short period of time, as reported on the balance sheet. The capital assets such as land and buildings are not reported.

Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. The long-term liabilities are not included. The difference between a fund's total assets and total liabilities are not included. The difference between a fund's total assets and total liabilities represents the fund balance. The unreserved portion of the fund balance indicates the amount available to finance future activities.

The operating statements for governmental funds report only those revenues and expenditures that were collected in cash or paid with cash during the current period or very shortly after the end of the year.

**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

The District's Balance Sheet is presented on page 11 and Statement of Revenues, Expenditures, and Changes in Fund Balances is presented on page 13 of this report.

The focus of the fund financial statement is narrower than that of the government-wide financial statements. Since different accounting bases are used to prepare the above statements, reconciliation is required to facilitate the comparison between the fund statements and the government-wide statements. The reconciliation between the total fund balances can be found on page 12 of this report.

The reconciliation of the total changes in fund balances for all governmental funds to the change in net position can be found on page 14 of this report.

The final section of the basic financial statements is the notes to financial statements. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$814,538 as of June 30, 2018. Net position is reported in two general categories: net investment in capital assets totaling \$395,974 and unrestricted net position of \$418,564.

One portion of the District's net position reflects its investment in capital assets (e.g. land and equipment) less any related debt still outstanding that was issued to acquire those assets. The District uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The amount reported as invested in capital assets increased from \$377,076 in the prior year to \$395,974 at June 30, 2018. The increase relates to fixed asset additions.

**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

Condensed Statements of Net Position

	June 30, 2018	June 30, 2017	Change
Assets:			
Current Assets	\$ 682,264	\$ 517,417	\$ 164,847
Other Assets	232,562	338,108	(105,546)
Capital Assets	395,974	377,076	18,898
Total Assets	<u>1,310,800</u>	<u>1,232,601</u>	<u>78,199</u>
Deferred Outflows of Resources:			
Pension	240,234	179,428	60,806
Total Assets and Deferred Outflows	<u>\$ 1,551,034</u>	<u>\$ 1,412,029</u>	<u>\$ 139,005</u>
Liabilities:			
Current Liabilities	\$ 16,369	\$ 15,786	\$ 583
Long-term Liabilities	448,133	355,569	92,564
Total Liabilities	<u>464,502</u>	<u>371,355</u>	<u>93,147</u>
Deferred Inflows of Resources:			
Unearned Revenues	232,562	338,108	(105,546)
Pension	39,432	25,758	13,674
Total Deferred Inflows	<u>271,994</u>	<u>363,866</u>	<u>(91,872)</u>
Net Position:			
Net Investment in Capital Assets	395,974	377,076	18,898
Unrestricted	418,564	299,732	118,832
Total Net Position	<u>814,538</u>	<u>676,808</u>	<u>137,730</u>
Total Liabilities and Net Position	<u>\$ 1,551,034</u>	<u>\$ 1,412,029</u>	<u>\$ 139,005</u>

**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

Condensed Statements of Activities

	June 30, 2018	June 30, 2017	Change
Revenues:			
Program Revenues	\$ 58,401	\$ 31,530	\$ 26,871
General Revenues	422,651	443,619	(20,968)
Total Revenues	<u>481,052</u>	<u>475,149</u>	<u>5,903</u>
Expenses:			
Program Expenses	451,480	397,463	54,017
Total Expenses	<u>451,480</u>	<u>397,463</u>	<u>54,017</u>
Other Financing Sources:			
Operating Transfers In	2,612	2,459	153
Total Other Financing Sources	<u>2,612</u>	<u>2,459</u>	<u>153</u>
Net Position:			
Change in Net Position	\$ 32,184	\$ 80,145	\$ (47,961)
Net Position - Beginning of Year	676,808	596,663	80,145
Prior Period Adjustment	105,546	-	105,546
Net Position - End of Year	<u>\$ 814,538</u>	<u>\$ 676,808</u>	<u>\$ 32,184</u>

The District's net position increased by \$32,184 due primarily to the changes in revenues and expenses discussed above. The Prior Period Adjustment is due to deferred revenues for pre needs were not recognized in prior years. The adjustment increases beginning net position by \$105,546.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the 2018 fiscal year, the District's governmental fund reported ending fund balance of \$665,895, an increase of \$164,264 from the \$501,631 for the prior fiscal year. The District's governmental fund balance increased because during the fiscal year ended June 30, 2018, revenues exceeded expenses by \$58,718.

BUDGETARY HIGHLIGHTS

Total revenues were \$24,052 more than budget projections. Over budget amounts included: \$27,401 related to cemetery lot sales and \$2,562 related to interest and dividend income; offset by under budget amounts of \$5,911 related to general property taxes.

Total expenses were \$80,554 less than budget projections. Over budget amounts included: \$3,649 related to personnel services and \$12,952 related to office supplies and postage; offset by under budget amounts of \$7,664 related to insurance, and \$82,019 related to capital outlay.

**EAST KERN CEMETERY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The District's investment in capital assets for its governmental activities as of June 30, 2018, totals \$395,974 net of depreciation. These assets include land and equipment. There were purchases of equipment and building improvements in FY 2018. Additional information regarding the District's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-Term Debt – With the implementation of GASB 68, a net pension liability of \$448,133 is reflected as long-term debt at June 30, 2018. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In fiscal year 2018-2019, revenues and expenses are expected to remain fairly consistent, with an expected decrease in revenue of 9%, and an expected decrease in expenses of 16%. No major changes are expected.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the District's Manager at 2040 Belshaw St. Mojave, CA or phone 661-824-2778.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**EAST KERN CEMETERY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

CURRENT ASSETS

Cash and Investments	\$ 655,021
Accounts Receivable	11,177
Inventories	10,516
Prepaid Items	5,550
Total Current Assets	<u>682,264</u>

PROPERTY, PLANT AND EQUIPMENT

Net of Depreciation	<u>395,974</u>
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OTHER ASSETS

Cash and Investments - Burial Plots and Prepaid Services	<u>232,562</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension	240,234
Total Deferred Outflows of Resources	<u>240,234</u>

Total Assets and Deferred Outflows of Resources	<u>1,551,034</u>
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LIABILITIES

CURRENT LIABILITIES

Due to Endowment Care Fund	700
Accrued Expenses	6,438
Compensated Absences Payable	9,231
Total Current Liabilities	<u>16,369</u>

LONG-TERM LIABILITIES

Net Pension Liability	<u>448,133</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	39,432
Unearned Revenue	232,562
Total Deferred Inflows of Resources	<u>271,994</u>

Total Liabilities and Deferred Inflows of Resources	<u>736,496</u>
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NET POSITION

NET POSITION

Net Investment in Capital Assets	395,974
Unrestricted	418,564
Total Net Position	<u>\$ 814,538</u>

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

**EAST KERN CEMETERY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

PRIMARY GOVERNMENT

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Changes for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities:			
General Government			
Personnel Services	\$ 274,931	\$ 58,401	\$ (216,530)
Contracted Services	14,125	-	(14,125)
Other Operating	162,424	-	(162,424)
	<u>451,480</u>	<u>58,401</u>	<u>(393,079)</u>
Total Governmental Activities	<u>451,480</u>	<u>58,401</u>	<u>(393,079)</u>
Total Primary Government	<u><u>\$ 451,480</u></u>	<u><u>\$ 58,401</u></u>	<u><u>(393,079)</u></u>
General Revenues:			
Property Taxes			416,089
Investment Earnings			6,562
Other Financing Sources (Uses)			
Operating Transfers In - Endowment Care Fund			<u>2,612</u>
Total General Revenues and Transfers			<u>425,263</u>
Change in Net Assets			32,184
Net Assets - Beginning of Year			676,808
Prior Period Adjustment			<u>105,546</u>
Net Assets - End of Year			<u><u>\$ 814,538</u></u>

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

FUND FINANCIAL STATEMENTS

**EAST KERN CEMETERY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

ASSETS

Cash and Investments	\$	887,583
Accounts Receivable		11,177
Inventories		10,516
Prepaid Items		<u>5,550</u>
Total Assets	\$	<u><u>914,826</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES

Due to Endowment Care Fund	\$	700
Accrued Expenses		6,438
Compensated Absences Payable		<u>9,231</u>
Total Liabilities		<u>16,369</u>

DEFERRED INFLOWS OF RESOURCES

Unearned Revenue		<u>232,562</u>
Total Deferred Inflows		<u>232,562</u>

FUND BALANCE

Fund Balance:

Nonspendable		16,066
Unassigned		<u>649,829</u>
Total Fund Balance		<u>665,895</u>
Total Liabilities and Fund Balance	\$	<u><u>914,826</u></u>

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

**EAST KERN CEMETERY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Total Fund Balances - Governmental Fund	\$ 665,895
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds. The cost of the assets is \$879,273 and the accumulated depreciation is \$483,299.	395,974
Long-term liabilities, including all bonds, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The District did not have any long-term liabilities at year end.	
Net Pension Liability	(448,133)
Deferred Outflows of Resources - Pensions	240,234
Deferred Inflows of Resources - Pensions	(39,432)
Total Long-term Liabilities	<u>(247,331)</u>
Total Net Position of Governmental Activities	<u>\$ 814,538</u>

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

**EAST KERN CEMETERY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES

General Property Taxes	\$ 416,089
Charges for Services	58,401
Investment Earnings	<u>6,562</u>
Total Revenues	<u>481,052</u>

EXPENDITURES

General Government	
Personnel Services	229,499
Contracted Services	14,125
Other Operating	113,341
Capital Outlay	<u>67,981</u>
Total Expenditures	<u>424,946</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,106</u>
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Other Financing Sources (Uses) Operating Transfers In	<u>2,612</u>
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Total Other Financing Sources (Uses)	<u>2,612</u>
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Net Change in Fund Balances	58,718
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Fund Balance - Beginning of Year	501,631
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Prior Period Adjustment	<u>105,546</u>
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Fund Balance - End of Year	<u><u>\$ 665,895</u></u>
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The accompanying notes are an integral part of these financial statements.

**EAST KERN CEMETERY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Fund	\$	58,718
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Governmental funds report capital outlays 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 depreciation exceeded capital outlay in the current period.

Capital Outlay		67,981
Current Year Depreciation		(49,083)
		18,898

The adoption of GASB No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, increases pension expense for the current fiscal year.

Pension Expense		(45,432)
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Change in Net Position of Governmental Activities	\$	32,184
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The accompanying notes are an integral part of these financial statements.

**EAST KERN CEMETERY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018**

	<u>Endowment Care Fund</u>
ASSETS	
Cash and Investments	\$ 176,731
Due From General Fund	<u>700</u>
Total Assets	<u>177,431</u>
 NET POSITION	
Reserved for Endowment Care	<u>177,431</u>
Total Net Position	<u><u>\$ 177,431</u></u>

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

**EAST KERN CEMETERY DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Endowment Care Fund</u>
ADDITIONS	
Investment Earnings	\$ 2,612
Endowment Care Collections	<u>3,550</u>
Total Additions	<u>6,162</u>
DELETIONS	
Unrealized Loss	<u>2,626</u>
Changes in Net Position Prior to Operating Transfer Out	<u>3,536</u>
Operating Transfers Out - Cemetery Fund	<u>(2,612)</u>
Change in Net Position	924
Net Position - Beginning	<u>176,507</u>
Net Position - Ending	<u><u>\$ 177,431</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Kern Cemetery District (the District) is located in Mojave, California. The District was formed in 1940 as an independent special district to provide and maintain cemeteries limited to burial of residents of the District, members of the family of a resident who have heretofore purchased a burial plot, or non-residents of the District who are eligible for burial in the District cemetery.

The District accounts for its financial transactions in accordance with the policies and procedures of the State of California – Uniform System of Accounts for Special Districts. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of significant accounting policies:

A. Description of the Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria the District has no potential component units.

The District, for financial purposes, includes all funds relevant to the operations of the District. The Board of Trustees has governance responsibilities over all activities related to the District. The District receives funding from local, county, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since board members are appointed by the Kern County Board of Supervisors and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, donations, and similar items are recognized as revenues as soon as all the eligibility requirements imposed by the provider are met.

The District recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on a modified accrual basis, when they are measurable and available. Non exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Various property taxes, grants, entitlements, and most donations are examples of nonexchange transactions.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Government-wide Financial Statements (Continued)

The statement of net position and the statement of activities include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and charges for service.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Government Fund Financial Statements

The Government Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if the revenues are collected within sixty days after year-end. Property taxes and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental fund:

- **Cemetery Fund** – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the specific purpose of operating a cemetery district.

The District reports the following fiduciary fund:

- **Endowment Care Fund** – This fund was established in accordance with Section 9000 of the Health and Safety Code to defray the cost of cemetery operations. The District collects an additional amount for each full grave sold. During the fiscal year ended June 30, 2018, these collections totaled \$3,550. Interest/dividends are earned on the principal of the fund and deposited in Morgan Stanley U.S. Government Fund. After all gravesites have been sold, the revenues earned will be expended for the operation of the Cemetery. The principal will remain intact.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets and Budgetary Accounting

By state law, the District's Governing Board must adopt a final budget no later than August 1. A public hearing must be conducted to receive comments prior to adoption. These budgets are revised by the District's Governing Board and District Manager during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

All budgets were adopted on a basis that materially conforms to generally accepted accounting principles (GAAP).

D. Deposits and Investments

All deposits of the District are made in board-designated official depositories and are secured as required by State Law. The District may designate as an official depository any bank or savings and loan association. Also, the District may establish time deposit accounts such as money market accounts and certificates of deposit.

The District recognizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Dividend income from the mutual fund is recognized on the ex-dividend date. Income from the pooled moneys in the Kern County Investment Fund is allocated to the District based on the District's respective share of total pooled cash and investments.

Net appreciation (depreciation) of the mutual funds is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the District's investment operations, as well as the internal administrative expenses associated with the District's investment program.

Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

E. Cash and Cash Equivalents

The District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Allowances for Uncollectible Accounts

For reporting purposes an allowance for doubtful accounts has been established. This account is maintained to estimate the losses that result from the failure or inability of customers to make required payments. There is no allowance for uncollectible accounts at June 30, 2017, as management believes all accounts will be collected.

G. Inventories

Inventory is valued at the lower of cost or net-realizable value. Inventory consists of crypts, liners and vases and is recorded as expenditures, when consumed.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

East Kern Cemetery District collects money from customers who pay in advance for burial plots and prepaid services. Since the revenue is not used until the time of burial, it is unearned until that time at which it becomes recognized as current year revenue. As of June 30, 2018, unearned revenue was \$232,562.

I. Capital Assets

In the Government-wide Financial Statements, capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The District defines capital assets as assets with an individual cost of more than \$500, and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method. Capital assets are depreciated on the following basis:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	5 - 42 years
Equipment	5 - 10 years
Computer Software	7 years

J. Compensated Absences

The vacation policy of the District provides for the accumulation of up to thirty days earned vacation leave and twelve days earned sick leave with such leave being fully vested when earned. An expense and a liability for vacation pay, sick pay, and salary related payments are accrued as the leave is earned in the financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used. Accumulated unpaid sick leave and vacation leave has been determined to be \$9,231.

K. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** – This component of net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position (Continued)

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statement of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party

L. Fund Balances – Governmental Funds

Nonspendable Fund Balance. This component of fund balance consists of assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Nonspendable Inventory. The portion of fund balance reflecting the value of inventory.

Nonspendable Prepaid Items. The portion of fund balance reflecting the value of prepaid items.

All Other Nonspendable Assets. The portion of fund balance reflecting the value of nonspendable assets not specified above. For example, this object issued for the legal reserve required for Certificates of Participation, the long-term portion of notes receivable, or the principle of a permanent endowment.

Restricted Balance. This component of fund balance consists of resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers, e.g., grantors or creditors, or by law through constitutional provisions or enabling legislation. Examples include unspent balances or restricted state and federal grants, and unspent proceeds of general obligation bonds.

Committed Fund Balance. This component of fund balance consists of resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Assigned Fund Balance. This component of fund balance consists of resources that are intended to be used for specific purposes, but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued, and may be modified or removed by a process less formal than is required for committed fund balance.

Unassigned Fund Balance. This represents the portion of fund balance not classified as nonspendable, restricted, committed, or assigned. For budgetary purposes, this account represents the excess of estimated revenue and estimated other financial sources over appropriations and estimated other financing uses.

Spending Order Policy. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

O. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Property taxes are billed and collected for the District by Kern County. The District does not receive any property tax revenues directly; however delinquent special assessments are turned over to the counties for collection with regular delinquent property tax assessments.

P. Recent Pronouncements

In June 2017 the GASB issued Statement No 87, "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is evaluating the impact of this standard on the financial statements.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS

Unrestricted cash and investments as of June 30, 2018, consists of the following:

<u>Cemetery Fund</u>	
Cash on Hand and in Banks	\$ 13,376
Pooled Investments - Kern County Treasury	874,207
Total	<u>\$ 887,583</u>

Restricted cash and investments as of June 30, 2018, consists of the following:

<u>Endowment Care Fund</u>	
Morgan Stanley - U.S. Governmental Securities Trust	\$ 93,143
Pooled Investments - Kern County Treasury	86,514
Total	<u>\$ 179,657</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code or the District's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the District's investment policy, where more restrictive that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Minimum Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper — Pooled Funds	270 days	40% of the agency's money	Highest letter and member rating by a NRSRO
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and member rating by a NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% (inclusive of placement service CDs)	None
Placement Service Certificates of Deposit	5 years	30% (combine with placement service deposits)	None

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

**Investments Authorized by the California Government Code and the District's Investment Policy
(Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities	92 days	20% of the base value of the portfolio	None
Lending Agreements			
Medium-Term Notes	5 years	30%	"A" Rating
Mutual Funds And Money	N/A	20%	Multiple
Market Mutual Funds			
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" Rating
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" Rating

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Kern County Investment Pool.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. None of the District's deposits with financial institutions were in excess of federal depository insurance limits of \$250,000.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Measured at Fair Value

<u>Investment by Fair Value Level</u>	<u>6/30/2018</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable inputs (Level 2)</u>	<u>Significant Unobservable inputs (Level 3)</u>
U.S. Government Securities	\$ 93,143	\$ -	\$ 93,143	\$ -
Total Investments by Fair Value Level	<u>93,143</u>	<u>\$ -</u>	<u>\$ 93,143</u>	<u>\$ -</u>

Investment Measured at Net Asset Value (NAV)

Pooled Investments -	
Kern County Investment Pool	<u>960,721</u>
Total Investments Measured at the NAV	<u>960,721</u>
Total Investments Measured at the NAV	<u>\$ 1,053,864</u>

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investment in Kern County Investment Pool

<u>Investments Measured at Net Asset Value</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently eligible)</u>	<u>Redemption Notice Period</u>
Pooled Investments -				
Kern County Investment Pool	\$ 960,721	-	Daily	1 Day
Total Measured at the NAV	<u>\$ 960,721</u>			

The District is a voluntary participant in the Kern County Investment Pool that is regulated by the California Government Code under the oversight of the Treasurer of the County of Kern. The carrying amount of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by Kern County for the entire portfolio (in relation to the amortized cost of that portfolio). There are no limitations or restrictions on withdrawals and the fund's authority does not impose liquidity fees or redemption gates.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Investments at June 30, 2018, consisted of the following:

Investment Type	Fair Value	Carrying Amount	Remaining Maturity (in Months)		
			12 months or less	13 to 36 months	37 to 60 months
Cash on Hand and in Banks	\$ 13,376	\$ 13,376	\$ 13,376	\$ -	\$ -
Kern County Investment Pool - Unrestricted Cemetery Fund	874,207	874,207	284,467	589,740	-
Morgan Stanley - Restricted Endowment Care Fund	93,143	93,143	93,143	-	-
Kern County Investment Pool - Restricted Endowment Care Fund	86,514	86,514	28,152	58,362	-
Total	\$ 1,067,240	\$ 1,067,240	\$ 419,138	\$ 648,102	\$ -

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings as of June 30, 2018, consisted of the following:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Ratings AAA
Cash on Hand and in Banks	\$ 13,376	N/A	\$ 13,376	-
Kern County Investment Pool - Unrestricted Cemetery Fund	874,207	N/A	874,207	-
Morgan Stanley - Restricted Endowment Care Fund	93,143	N/A	93,143	-
Kern County Investment Pool - Restricted Endowment Care Fund	86,514	N/A	86,514	-
Total	\$ 1,067,240		\$ 1,067,240	

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of the following:

Accounts Receivable	\$ 7,087
Interest Receivable	4,090
Total Accounts Receivable	\$ 11,177

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 is presented below:

<u>Governmental Activities:</u>	<u>Balance July 01, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 10	\$ -	\$ -	\$ 10
Total capital assets not being depreciated	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Capital Assets being depreciated:				
Buildings and improvements	578,476	15,690	(2,080)	592,086
Equipment	370,887	52,291	(150,089)	273,089
Computer software	14,088	-	-	14,088
Total capital assets being depreciated	<u>963,451</u>	<u>67,981</u>	<u>(152,169)</u>	<u>879,263</u>
Less accumulated depreciation for:				
Buildings and improvements	(265,460)	(23,450)	2,080	(286,830)
Equipment	(317,018)	(24,004)	150,089	(190,933)
Computer software	(3,907)	(1,629)	-	(5,536)
Total accumulated depreciation	<u>(586,385)</u>	<u>(49,083)</u>	<u>152,169</u>	<u>(483,299)</u>
Total capital assets being depreciated, net	<u>377,066</u>	<u>18,898</u>	<u>-</u>	<u>395,964</u>
Governmental activities capital assets, net	<u>\$ 377,076</u>	<u>\$ 18,898</u>	<u>\$ -</u>	<u>\$ 395,974</u>

Depreciation Expense was charged to Governmental Activities as follows:

General Government	<u>\$ 49,083</u>
Total Depreciation Expense	<u>\$ 49,083</u>

NOTE 5 – INTERFUND TRANSACTIONS

Due From / Due To Other Funds – There were no individual fund interfund receivable and payable balances at June 30, 2018.

Interfund Transfers – Consist of required transfers of restricted revenues from the funds receiving the revenue to the funds through which the resources are to be expended. Interfund transfers for the 2017/2018 fiscal year were as follows:

<u>Fund</u>	<u>Interfund Transfer In</u>	<u>Interfund Transfer Out</u>
Cemetery Fund	\$ 2,612	\$ -
Endowment Care Fund	<u>-</u>	<u>2,612</u>
Total	<u>\$ 2,612</u>	<u>\$ 2,612</u>

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 –CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2018, is presented below:

	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Employment Benefit Obligations:					
Net Pension Liability	\$ 355,569	\$ 92,564	\$ -	\$ 448,133	\$ -
Total Long-Term Obligations	<u>\$ 355,569</u>	<u>\$ 92,564</u>	<u>\$ -</u>	<u>\$ 448,133</u>	<u>\$ -</u>

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following are the excess of expenditures over appropriations as of June 30, 2018.

Personnel Services:	
Salaries and Wages	\$ 2,576
Employee Benefits	1,073
Materials and Supplies:	
Fuel	179
Office Supplies and Postage	12,952
Utilities and Telephone	1,015

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

1. GENERAL INFORMATION ABOUT THE PENSION PLANS

A. Plan Description

The Kern County Employees' Retirement Association (KCERA) was established on January 1, 1945 by the County of Kern Board of Supervisors under the provisions of the County Employees' Retirement Law of 1937 (CERL). KCERA is a cost-sharing, multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Kern and of the following agencies: Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, and Kern County Superior Court. The Plan is administered by the Kern County Board of Retirement, which consists of nine members and two alternate members.

B. Benefits Provided

Pension Benefits

All regular, full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership includes those in active law enforcement, fire suppression, criminal investigation, detention and probation.

General Tier I and Tier II members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. GENERAL INFORMATION ABOUT THE PENSION PLANS (Continued)

B. Benefits Provided (Continued)

Safety members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

The retirement benefit the member will receive is based on age at retirement, final average compensation (FAC), years of retirement service credit and benefit tier.

General member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31676.17 (Tier I), or 1/90th of FAC times years of accrued retirement service credit times an age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the FAC multiplied by years of accrued retirement credit multiplied by an age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of FAC times years of accrued retirement service credit times an age factor from Section 31664.1 (Tier I), or 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31664 (Tier II).

For general and safety members in Tiers I and II, the maximum monthly retirement allowance is 100% of FAC. For General Tier III members, there is no limit on the maximum monthly allowance relative to FAC.

The maximum amount of "compensation earnable" that can be taken into account for 2017 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$265,000. For General Tier III members who joined KCERA on or after January 1, 2013, the maximum "pensionable compensation" that can be taken into account for 2017 is \$117,020 for those enrolled in Social Security. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of compensation earnable for General Tier I, General Tier IIA, Safety Tier I and Safety Tier IIA members. FAC consists of the highest 36 consecutive months of pensionable compensation for General Tier IIB, General Tier III and Safety Tier IIB members.

The member may elect an unmodified retirement allowance or choose to have the allowance modified by one of four options. The unmodified option provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner when the member dies. An eligible spouse or partner is someone married to or registered with the member for at least one year prior to the effective retirement date. Certain surviving spouses or partners may also be eligible for a benefit continuance if the marriage or partnership occurred at least two years prior to the date of death and if the surviving spouse or partner is age 55 or older as of the date of death. Retirement allowance options are irrevocable once elected.

Death Benefits

An active member's beneficiary is entitled to receive death benefits, which consist of accumulated contributions, plus interest, and one month's salary for each full year of service, up to a maximum of six months of salary.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. GENERAL INFORMATION ABOUT THE PENSION PLANS (Continued)

B. Benefits Provided (Continued)

Death Benefits (Continued)

If a member is vested and the death is not the result of a job-caused injury or disease, the spouse or registered domestic partner will be entitled to receive a lifetime monthly allowance equal to 60% of the retirement allowance to which they would have been entitled if they had retired with a nonservice-connected disability on the date of the member's death. If there is no eligible spouse or partner, the same choice is given to the member's minor children who are under the age of 18 (continuing to age 22 if enrolled full-time in an accredited school).

If a member dies in the performance of duty, the spouse or registered domestic partner receives a lifetime monthly allowance equal to at least 50% of the member's final average compensation. If there is no eligible spouse or partner, this benefit will apply to the member's minor children who are under the age of 18 (continuing to age 22 if enrolled full-time in an accredited school).

If a member dies after retirement, a death benefit of \$5,000 is payable to the designated beneficiary(ies) or the estate.

If the member retired with a nonservice-connected disability and the member chose the unmodified allowance option, the surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the member's benefit.

If the member retired with a service-connected disability, the spouse, registered domestic partner or minor children will receive a monthly continuance equal to 100% of the member's benefit.

Disability Benefits

A member with five years of service, regardless of age, who becomes permanently incapacitated from the performance of duty will be eligible for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated from the performance of duty as a result of an injury or disease arising out of and in the course of employment is eligible for a service-connected disability, regardless of service length or age.

Cost-of-Living Adjustments

An annual cost-of-living adjustment (COLA) of up to 2.0% was adopted for all retirees and continuance beneficiaries as of April 1, 1973. An additional 0.5% COLA was granted by the Ventura Settlement as of April 1, 2002, resulting in a maximum COLA of 2.5%, depending on the rate of inflation.

Supplemental Benefits

The Board of Retirement and the Board of Supervisors adopted Government Code Section 31618 in 1984, which established the Supplemental Retiree Benefit Reserve (SRBR) for KCERA. The SRBR is used only for the benefit of future and current retired members and their beneficiaries. Benefits provided by the SRBR are determined by the Board of Retirement and are not guaranteed or vested. The SRBR currently provides for 80% purchasing power protection and a \$5,000 death benefit.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. GENERAL INFORMATION ABOUT THE PENSION PLANS (Continued)

C. Contributions

As a condition of participation under the provisions of the CERL, members are required to contribute to KCERA a percentage of their salaries. Member contribution rates for fiscal year 2018 ranged from 4.45% to 18.48% and were applied to the member's base pay plus pensionable special pays. For general members hired prior to 2013, contribution rates were determined by benefit tier and KCERA entry age. For safety members hired prior to 2013, contribution rates were determined by benefit tier and each safety-represented bargaining unit's applicable MOU. Some safety member rates were based on age of entry, whereas other safety members contribute at a flat, average rate. The contribution rates of general and safety members who first joined KCERA on or after January 1, 2013 are at least 50% of the normal cost rate. Furthermore, the rate of members integrated with Social Security is reduced by one-third on the first \$161 of biweekly salary.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

Each year, an actuarial valuation is performed for the purpose of determining the funded ratio of the retirement plan and the employer contributions that are necessary to pay benefits accruing to KCERA members that were not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Normal Actuarial Cost method. Employer rates include the "normal cost" and an annual amortization payment toward the Plan's unfunded actuarial accrued liability. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2018 ranged from 30.28% to 62.97% of covered payroll.

D. Contributions Recognized

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan was as follows:

	KCERA
Contributions – Employer	<u>\$ 44,229</u>
Total Pension Expense	<u>\$ 44,229</u>

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

**2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO PENSIONS**

A. Pension Expense

	<u>KCERA</u>
Service Cost	\$ 23,161
Interest on Total Pension Liability	83,104
Expensed portion of current period changes in proportion and differences between employer's contribution and proportionate share of contributions	18,164
Expensed portion of current period difference between expected and actual experience in the Total Pension Liability	(4,057)
Expensed portion of current period changes of assumptions or other inputs	7,281
Member contributions	(9,746)
Projected earnings on plan investments	(50,528)
Expensed portion of current period difference between actual and Projected earnings on plan investments	(6,068)
Administrative Expenses	994
Recognition of beginning of year deferred outflows of resources as pension expense	25,706
Recognition of beginning of year deferred inflows of resources as pension expense	(18,606)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	20,759
Total Pension Expense	<u>\$ 90,164</u>

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of the plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
KCERA	\$ 448,133
Total Net Pension Liability	<u>\$ 448,133</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

**2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO PENSIONS** (Continued)

A. Pension Expense (Continued)

The District's proportionate share of the net pension liability for the Plan as of June 30 2016 and 2017 was as follows:

	<u>KCERA</u>
Proportion - June 30, 2016	0.015%
Proportion - June 30, 2017	0.012%
Change - Increase (Decrease)	<u>-0.003%</u>

For the year ended June 30, 2018, the District recognized pension expense of \$338,649. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 48,192	\$ -
Changes in proportion and differences between employer's contributions and proportionate share of contributions	138,436	902
Differences between actual and expected experience in the Total Pension Liability	-	38,530
Changes in assumptions or other inputs	39,291	-
Net difference between projected and actual earnings on plan investments (if any)	14,315	-
	<u> </u>	<u> </u>
Total	<u>\$ 240,234</u>	<u>\$ 39,432</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date, of \$48,192, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Year Ended June 30</u>	
2019	\$ 43,178
2020	49,195
2021	41,112
2022	16,771
2023	2,354
Thereafter	-
Total	<u>\$ 152,610</u>

B. Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions used were based on the results of an experience study for the period from July 1, 2010 through June 30, 2013. The following actuarial assumptions were applied to all periods included in the measurement:

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

**2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO PENSIONS** (Continued)

B. Actuarial Assumptions (Continued)

<i>Inflation:</i>	3.25%
<i>Salary Increases:</i>	General: 4.00% to 9.00%. Safety: 4.00% to 12.50%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.25%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	These assumptions were developed in the analysis of the actuarial experience for the period from July 1, 2010 to June 30, 2013.

The Entry Age Normal Actuarial Cost method used in KCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, KCERA has reflected the same plan provisions used in determining the member's actuarial present value of projected benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the normal cost and actuarial accrued liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below.

	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	15%	5.61%
Small Cap U.S. Equity	4%	6.37%
Global Equity	6%	6.50%
Developed International Equity	8%	6.96%
Emerging Markets Equity	4%	9.28%
U.S. Core Bonds	19%	1.06%
High Yield Bonds	6%	3.65%
Emerging Market Debt	4%	3.85%
Core Real Estate	5%	4.37%
Value Added Real Estate	5%	6.00%
Commodities	4%	3.76%
Hedge Funds	10%	4.70%
Private Equity	5%	8.70%
Private Credit	5%	5.10%
Total	<u>100%</u>	

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

**2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO PENSIONS (Continued)**

B. Actuarial Assumptions (Continued)

Discount Rate

The discount rates used to measure the total pension liability was 7.25% as of June 30, 2018. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and SRBR asset pools.

C. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>KCERA</u>
1% Decrease	6.25%
Net Pension Liability	\$609,299
Current Discount Rate	7.25%
Net Pension Liability	\$448,133
1% Increase	8.25%
Net Pension Liability	\$315,819

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year ended June 30, 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

**EAST KERN CEMETERY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions.

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year-end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Retained earnings at the beginning of 2018 have been adjusted for deferred revenue related to funds received for pre-need not recognized in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases beginning retained earnings for 2018 by \$105,546. Accordingly, the Company restated its results for the year ended June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

**EAST KERN CEMETERY DISTRICT
BUDGETARY COMPARISON INFORMATION - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General Property Taxes	\$ 422,000	\$ 422,000	\$ 416,089	\$ (5,911)
Fees and Services:				
Cemetery Lots	31,000	31,000	58,401	27,401
Sub-Total	31,000	31,000	58,401	27,401
Interest and Dividends	4,000	4,000	6,562	2,562
Total Revenues	457,000	457,000	481,052	24,052
EXPENDITURES				
General Government				
Personnel Services:				
Salaries and Wages	173,200	173,200	175,776	2,576
Employee Benefits	52,650	52,650	53,723	1,073
Sub-Total	225,850	225,850	229,499	3,649
Contracted Services	20,500	20,500	14,125	(6,375)
Materials and Supplies:				
Insurance	14,800	14,800	7,136	(7,664)
Repairs and Maintenance	24,700	24,700	23,252	(1,448)
Fuel	3,200	3,200	3,379	179
Vaults and Sectional Boxes Purchased	4,800	4,800	3,957	(843)
Office Supplies and Postage	31,140	31,140	44,092	12,952
Utilities and Telephone	30,510	30,510	31,525	1,015
Sub-Total	109,150	109,150	113,341	4,191
Capital Outlay	150,000	150,000	67,981	(82,019)
Total Expenditures	505,500	505,500	424,946	(80,554)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,500)	(48,500)	56,106	104,606
Other Financing Sources (Uses):				
Operating Transfers In	48,500	48,500	2,612	51,112
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	48,500	48,500	2,612	51,112
Net Change in Fund Balance	\$ 0	\$ 0	\$ 58,718	\$ 155,718

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

EAST KERN CEMETERY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION PENSION PLAN
LAST TEN FISCAL YEARS(1)

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.019%	0.015%	0.011%	0.010%	0.010%
District's proportionate share of the net pension liability	\$ 448,133	\$ 355,569	\$ 231,931	\$ 207,281	\$ 220,750
District's covered-employee payroll	\$ 112,019	\$ 94,080	\$ 67,647	\$ 66,341	\$ 66,356
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	400.05%	377.94%	342.85%	312.45%	332.68%
KCERA fiduciary net position as a percentage of the total pension liability	57.90%	57.15%	59.25%	60.66%	55.64%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2008 through 2013 is not available in a comparable format.

The accompanying notes are an integral part of these statements.

**EAST KERN CEMETERY DISTRICT
SCHEDULE OF CONTRIBUTIONS
KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION PENSION PLAN
LAST TEN FISCAL YEARS(1)**

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contributions	\$ 44,229	\$ 37,107	\$ 27,509	\$ 26,283	\$ 26,728
Contributions in relation to the contractually required contributions	(44,229)	(37,107)	(27,509)	(26,283)	(26,728)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 112,019	\$ 94,080	\$ 67,647	\$ 66,341	\$ 66,356
Contributions as a percentage of covered-employee payroll	39.48%	39.44%	40.67%	39.62%	40.28%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2008 through 2013 is not available in a comparable format.

The accompanying notes are an integral part of these statements.

**EAST KERN CEMETERY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION PENSION PLAN
JUNE 30, 2018**

Actuarially Determined Contribution Rates

Actuarial determined contribution rates for KCERA is calculated as of June 30, one year prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

<i>Inflation:</i>	3.25%
<i>Salary Increases:</i>	General: 4.25% to 9.25%. Safety: 4.25% to 11.75%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.50%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	See analysis of actuarial experience from July 1, 2010 to June 30, 2013.

Factors that Affect Trends

The June 30, 2017 actuarial valuation reflected new assumptions compared to the June 30, 2013 actuarial valuation, based on the June 30, 2014 experience study. The June 2013 actuarial valuation reflected 7.75% for the investment rate of return, 3.25% for inflation, 4.5% to 10.00% for general and 4.50% to 11.00% for safety, for projected salary increases, 0.75% real across-the-board salary increase and there was an offset to investment return for administrative expenses.