

**WINTERS  
CEMETERY DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2016**



**WINTERS CEMETERY DISTRICT**  
*For the Fiscal Year Ended June 30, 2016*  
*Table of Contents*

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**FINANCIAL SECTION**

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Governmental Funds Balance Sheet / Statement of Net Position.....	9
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Fund Balances / Statement of Activities.....	11
Reconciliation of the Governmental Statement of Revenues, Expenses, and Changes in Fund Balances to the Statement of Activities .....	12
Notes to Financial Statements .....	13

**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule .....	25
Schedule of Proportionate Share of the Net Pension Liability .....	26
Schedule of Contributions .....	27
Notes to the Required Supplementary Information .....	28

**OTHER INDEPENDENT AUDITORS' REPORTS**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	29
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**FINDINGS AND RECOMMENDATIONS**

Schedule of Audit Findings and Recommendations.....	31
Summary Schedule of Prior Audit Findings.....	33

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Winters Cemetery District  
Winters, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Winters Cemetery District as of and for the fiscal year ended June 30, 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.

### Auditors' 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.

### Basis for Qualified Opinion

Because of the inadequacy of accounting records for the years prior to July 1, 2015, we were unable to obtain sufficient appropriate audit evidence regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at June 30, 2016 (stated at \$485,860), or the amount of accumulated depreciation for the year then ended (stated at \$257,777).

Additionally, as more fully described in Note 8 to the financial statements, the District has not determined the cost of its other postemployment benefits (OPEB) plan in accordance with accounting principles generally accepted in the United States of America as well as footnote disclosures as part of Required Supplementary Information, which require the cost of employees' OPEB to be recognized over the employees' respective service periods and a liability to be recognized associated with OPEB and whether and to what extent progress is being made in funding the plan. Quantification of the effects of that departure on the financial statements is not practicable.

### **Qualified Opinion**

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Winters Cemetery District, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 8, budgetary comparison schedule, and schedules of proportionate share of the net pension liability and contributions on pages 25 through 27 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 a separate report dated June 12, 2018, on our consideration of the District'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 the District's internal control over financial reporting and compliance.

*Nixie + Nixie, PC.*

Murrieta, California  
June 12, 2018

**WINTERS CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year ended June 30, 2016*

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Management's Discussion and Analysis (MD&A) offers readers of Winters Cemetery District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2016. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$115,848 or 15%.
- Total revenues were \$387,683 as compared to \$357,129 in 2014-15.
- Operating expenses were \$257,956 as compared to \$303,478 in 2014-15.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

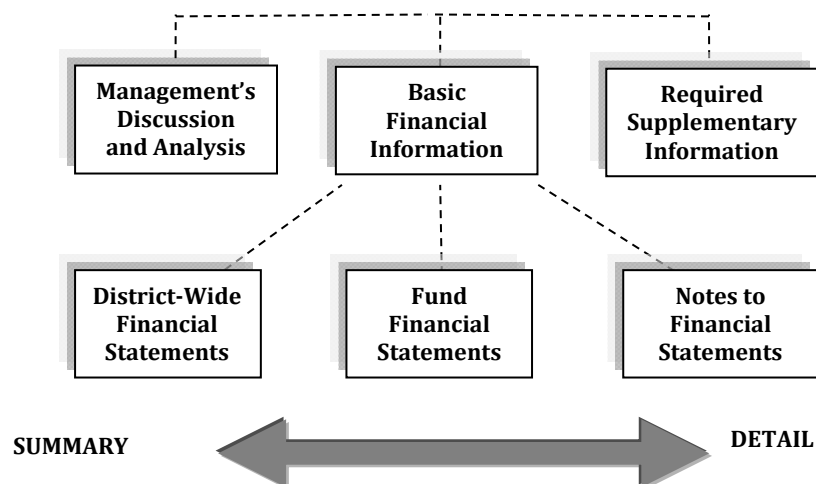
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

(The District has elected to report these financial statements in a combined format.)

**Figure A-1. Organization of Winters Cemetery District's Annual Financial Report**

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**WINTERS CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year ended June 30, 2016*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2. Major Features of the District-Wide and Fund Financial Statements**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as cemetery program services
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenses &amp; Changes in Fund Balances</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**WINTERS CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year ended June 30, 2016*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**District-Wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as cemetery program services and administration. Local property taxes finance most of these activities.

**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 keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has two funds: the General Fund and the Endowment Fund.

**Combined Reporting**

For special purpose governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than in an accompanying schedule. The District has elected to report its financial statements in this format.



**WINTERS CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year ended June 30, 2016*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION**

**Analysis of Net Position**

**Table A-1: Condensed Statement of Net Position**

	<u>2015-2016</u>	<u>2014-2015*</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 818,401	\$ 733,232	\$ 85,169	12%
Capital Assets, Net of Depreciation	228,083	197,760	30,323	15%
Total Assets	<u>1,046,484</u>	<u>930,992</u>	<u>115,492</u>	<u>12%</u>
<b>Deferred Outflows of Resources</b>	<u>82,101</u>	<u>14,908</u>	<u>67,193</u>	<u>451%</u>
<b>Liabilities:</b>				
Current Liabilities	9,563	9,680	(117)	-1%
Long-term Liabilities	217,127	181,633	35,494	20%
Total Liabilities	<u>226,690</u>	<u>191,313</u>	<u>35,377</u>	<u>18%</u>
<b>Deferred Inflows of Resources</b>	<u>36,407</u>	<u>-</u>	<u>36,407</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	228,083	197,760	30,323	15%
Restricted for Endowment	351,113	336,700	14,413	4%
Restricted for Capital Projects	94,557	70,889	23,668	33%
Unrestricted	191,735	144,291	47,444	33%
Total Net Position	<u>\$ 865,488</u>	<u>\$ 749,640</u>	<u>\$ 115,848</u>	<u>15%</u>
*Unaudited				

Net position increased by \$115,848 from fiscal year 2015 to fiscal year 2016. The increase in the investment of capital assets represents the amount of capital asset additions over depreciation expense. Endowment Care funds and Capital Projects funds are restricted as they are not available for current use.

**WINTERS CEMETERY DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year ended June 30, 2016*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-2: Condensed Statement of Activities**

	<u>2015-2016</u>	<u>2014-2015*</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 49,498	\$ 56,050	\$ (6,552)	-12%
Other Revenues	<u>338,185</u>	<u>301,079</u>	<u>37,106</u>	<u>12%</u>
Total Revenues	<u>387,683</u>	<u>357,129</u>	<u>30,554</u>	<u>9%</u>
Depreciation Expense	13,879	-	13,879	
Operating Expense	<u>257,956</u>	<u>303,478</u>	<u>(45,522)</u>	<u>-15%</u>
Total Expenses	<u>271,835</u>	<u>303,478</u>	<u>(31,643)</u>	<u>-10%</u>
Change in Net Position	115,848	53,651	62,197	116%
Net Position, Beginning	<u>749,640</u>	<u>695,989</u>	<u>53,651</u>	<u>8%</u>
Net Position, Ending	<u>\$ 865,488</u>	<u>\$ 749,640</u>	<u>\$ 115,848</u>	<u>15%</u>

\*Unaudited

While the Statement of Net Position shows the change in financial position, the Statement of Activities provides answers to the nature and source of these changes. The main factors in the change in net position are increased operating revenue from service fees and charges and increases to operating expenses.

**CAPITAL ASSETS**

Net capital assets increased by \$30,323 from the prior year, contributing towards the ending balance of \$228,083 net of depreciation. This increase consisted of improvements in the amount of \$44,202 in equipment and improvements to buildings, less current year depreciation of \$13,879.

**LONG-TERM DEBT**

Long-term debt increased by \$35,494, related to the change in net pension liability. This is discussed in more detail in Note 6 – Pension Plan.

## **WINTERS CEMETERY DISTRICT**

*Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year ended June 30, 2016*

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### **ANALYSIS OF INDIVIDUAL DISTRICT FUNDS**

#### **General Operating Fund**

Total revenues and other financing sources for the year were (\$373,270). General Fund balance increased by \$70,874 or 18%.

- Service revenue was \$49,498.
- Property tax revenues were \$300,082.

Total expenditures for the fiscal year were \$302,396. Total revenues and other financing sources over expenditures for the year were \$70,874.

#### **Endowment Care Fund**

The Endowment Care Fund increased by just over \$14,400 or 4% compared to the prior year. The principal portion of this fund is restricted and cannot be used for general operations. Thus, this fund will increase annually. The District can use the investment income portion of the fund but has elected to allow the fund to grow with the investment income included.

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget. The major budget amendment was to increase budgeted operational expenses and decrease administrative expenses equally.

Total revenues exceed budget by \$74,268, while actual expenditures were \$41,213 less than budgeted.

### **FACTORS AFFECTING CURRENT FINANCIAL POSITION**

The District is anticipating the 2016-17 fiscal year General Fund revenues will increase slightly and the expenses will decrease due to a completed capital project in the prior year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Board of Trustees, citizens, customers, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact the Winters Cemetery District, PO Box 402, Winters, California 95694.

**WINTERS CEMETERY DISTRICT**  
*Governmental Funds Balance Sheet / Statement of Net Position*  
 June 30, 2016

	General Fund	Endowment Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash	\$ 461,225	\$ 351,113	\$ 812,338	\$ -	\$ 812,338
Property taxes receivable	196	-	196	-	196
Inventory	5,867	-	5,867	-	5,867
Capital assets, net of accumulated depreciation	-	-	-	228,083	228,083
<b>Total Assets</b>	<b>\$ 467,288</b>	<b>\$ 351,113</b>	<b>\$ 818,401</b>	<b>228,083</b>	<b>1,046,484</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	-	-	-	82,101	82,101
<b>LIABILITIES</b>					
Accounts payable	\$ 3,428	\$ -	\$ 3,428	-	3,428
Wages payable	1,673	-	1,673	-	1,673
Other liabilities	4,462	-	4,462	-	4,462
Compensated absences	-	-	-	8,358	8,358
Net pension liability	-	-	-	208,769	208,769
<b>Total Liabilities</b>	<b>9,563</b>	<b>-</b>	<b>9,563</b>	<b>217,127</b>	<b>226,690</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	-	-	-	36,407	36,407
<b>FUND BALANCE / NET POSITION</b>					
Fund Balance:					
Nonspendable	5,867	244,348	250,215	(250,215)	-
Restricted - maintenance	-	106,765	106,765	(106,765)	-
Committed - capital assets	94,557	-	94,557	(94,557)	-
Assigned	49,733	-	49,733	(49,733)	-
Unassigned	307,568	-	307,568	(307,568)	-
<b>Total Fund Balance</b>	<b>457,725</b>	<b>351,113</b>	<b>808,838</b>	<b>(808,838)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 467,288</b>	<b>\$ 351,113</b>	<b>\$ 818,401</b>		
Net Position:					
Net investment in capital assets				228,083	228,083
Restricted for endowment				351,113	351,113
Restricted for capital projects				94,557	94,557
Unrestricted				191,735	191,735
<b>Total Net Position</b>				<b>\$ 865,488</b>	<b>\$ 865,488</b>

## WINTERS CEMETERY DISTRICT

### Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position June 30, 2016

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**Total fund balances-government funds** \$ 808,838

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 as assets in governmental funds.

The cost of capital assets is:	485,860	
Accumulated depreciation is:	<u>(257,777)</u>	
Capital assets, net of depreciation		228,083

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	82,101
Deferred inflows of resources relating to pensions	<u>(36,407)</u>

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	(8,358)
Net pension liability	<u>(208,769)</u>

**Total net position - governmental activities** \$ 865,488

**WINTERS CEMETERY DISTRICT**

*Statement of Revenues, Expenses and Changes in Fund Balances / Statement of Activities  
For the Fiscal Year ended June 30, 2016*

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses:</b>					
Cemetery services-operations					
Salaries	\$ 98,819	\$ -	\$ 98,819	\$ -	\$ 98,819
Employee benefits	59,648	-	59,648	(238)	59,410
Administrative expenses	24,361	-	24,361	-	24,361
Operational expenses	71,837	-	71,837	-	71,837
Utilities	3,529	-	3,529	-	3,529
Capital outlay	44,202	-	44,202	(44,202)	-
Depreciation-unallocated	-	-	-	13,879	13,879
Total expenditures/expenses	<u>302,396</u>	<u>-</u>	<u>302,396</u>	<u>(30,561)</u>	<u>271,835</u>
<b>Program Revenues:</b>					
Charges for services	<u>49,498</u>	<u>-</u>	<u>49,498</u>	<u>-</u>	<u>49,498</u>
Net program expense				<u>(30,561)</u>	<u>222,337</u>
<b>General Revenues:</b>					
Property taxes	300,082	-	300,082	-	300,082
Investment income	4,025	14,413	18,438	-	18,438
Miscellaneous income	<u>19,665</u>	<u>-</u>	<u>19,665</u>	<u>-</u>	<u>19,665</u>
Total general revenues	<u>323,772</u>	<u>14,413</u>	<u>338,185</u>	<u>-</u>	<u>338,185</u>
Excess (deficiency) of revenues over (under) expenditures	70,874	14,413	85,287	<u>(85,287)</u>	<u>-</u>
Change in net position				<u>\$ 115,848</u>	115,848
<b>Fund Balance/Net Position:</b>					
Beginning of year	<u>386,851</u>	<u>336,700</u>	<u>723,551</u>		<u>749,640</u>
End of year	<u>\$ 457,725</u>	<u>\$ 351,113</u>	<u>\$ 808,838</u>		<u>\$ 865,488</u>

**WINTERS CEMETERY DISTRICT**

*Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balance to the  
Statement of Activities*

*For the Fiscal Year ended June 30, 2016*

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<b>Net change in fund balances - total governmental funds</b>	\$ 85,287
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	44,202
Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(13,879)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between the accrual-basis pension costs and actual employer contributions was:	<u>238</u>
<b>Change in net position-governmental activities</b>	<u><u>\$ 115,848</u></u>

# WINTERS CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2016

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Organization

The Winters Cemetery District ("the District") is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in 1941 for the purpose of operating a public cemetery for the residents of the Winters. The District is governed by a Board of Trustees (Board) that acts as the authoritative body of the entity. The Board is comprised of five members, who serve four year terms, appointed by the Yolo County Board of Supervisors. Members of the Board were paid \$1,840 in stipends during fiscal year 2015-16.

The Board of Trustees annually elects officers from existing Board members. A Chair(person) and Vice-Chair(person) are elected. Two trustees serve a term of four years and one trustee serves a term of two years. Terms are staggered pursuant to Section 9024 of the Health and Safety Code of the State of California. There are no term limits for reappointment. The Chair responsibilities are to preside at all meetings of the Board and perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization.

#### B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

#### C. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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.



## WINTERS CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2016

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Basis of Presentation, Basis of Accounting (continued)

###### 1. Basis of Presentation (continued)

###### **Fund Financial Statements**

The fund financial statements provide information about the District's funds. 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.

###### **Major Governmental Funds**

The District reports the following major governmental funds:

**General Fund:** This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. Included are transactions for services, rents, property taxes, and interest. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the rules of the Health and Safety Code and by approval of the Board of Trustees.

**Endowment Care Fund:** This fund is used to account for financial resources to be used for future maintenance of the Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies, or capital asset acquisitions. The principal must be preserved intact.

###### 2. Measurement Focus, Basis of Accounting

###### **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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

###### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

## WINTERS CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2016

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Basis of Presentation, Basis of Accounting (continued)

###### 3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

##### D. Budgetary Data

The District follows these procedures in establishing budgetary data reflected in the Required Supplementary Information – Budgetary Comparison Schedule:

The District Manager submits to the Board of Trustees a proposed operating budget at the May Board meeting for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget. The General Fund is the only Fund for which an annual budget is legally adopted on a basis consistent with the modified accrual basis of accounting. The Board then considers the proposed budget at its regular meeting in June, which is open to the public. The budget represented in the required supplementary information was the final budget for the fiscal year.

##### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

###### 1. Cash

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

###### 2. Inventory

Inventory consists of items used in cemetery services and is valued at cost.

# WINTERS CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2016

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings, Improvements, Construction in Progress	10-30 years
Machinery, Vehicles, Furniture, and Equipment	10 years

##### 4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, which is more fully described in Note 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, which is more fully described in Note 6.

##### 5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

##### 6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## WINTERS CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2016

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 7. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints 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 "net investment in capital assets" or "restricted".

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

###### 8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

## WINTERS CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2016

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 8. Fund Balances (continued)

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

##### F. Use of 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 expenditures during the reported period. Actual results could differ from those estimates.

##### G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Yolo Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Yolo Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

##### H. New GASB Pronouncements

During the 2015-16 fiscal year, the following GASB Pronouncements became effective:

###### 1. Statement No. 72, *Fair Value Measurement and Application (Issued 02/15)*

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

###### 2. Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (Issued 06/15)*

The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

# WINTERS CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2016

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. New GASB Pronouncements (continued)

##### 3. Statement No. 79, *Certain External Investment Pools and Pool Participants (Issued 12/15)*

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

### NOTE 2 – CASH

Cash at June 30, 2016, is reported at fair value and consisted of the following:

	General Fund	Endowment Care Fund	Total
Cash in county treasury	\$ 461,225	\$ 351,113	\$ 812,338

#### Pooled Funds

The District maintains all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2016, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

**WINTERS CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2016*

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**NOTE 3 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance, July 1, 2015	Additions	Retirements	Balance, June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land and Improvements	\$ 37,691	\$ -	\$ -	\$ 37,691
Total capital assets not being depreciated	<u>37,691</u>	<u>-</u>	<u>-</u>	<u>37,691</u>
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	306,977	8,712	3,668	312,021
Equipment	100,658	35,490	-	136,148
Total capital assets being depreciated	<u>407,635</u>	<u>44,202</u>	<u>3,668</u>	<u>448,169</u>
<b>Accumulated depreciation for:</b>				
Buildings and Improvements	(171,570)	(9,695)	(3,668)	(177,597)
Equipment	(75,996)	(4,184)	-	(80,180)
Total accumulated depreciation	<u>(247,566)</u>	<u>(13,879)</u>	<u>(3,668)</u>	<u>(257,777)</u>
Total capital assets being depreciated, net	<u>160,069</u>	<u>30,323</u>	<u>-</u>	<u>190,392</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 197,760</u>	<u>\$ 30,323</u>	<u>\$ -</u>	<u>\$ 228,083</u>

**NOTE 4 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ended June 30, 2016, the District contracted with the Yolo County Public Agency Risk Management Insurance Authority (Authority) for liability, property, crime damage, and workers' compensation insurance. The Authority is an intergovernmental risk sharing joint powers authority composed of public agencies members, created pursuant to California Government Code Sections 6500 et. Seq. Member agencies pay an annual premium to the Authority and are determined by the governing board.

There were no reductions in insurance coverage from the previous year and the amount of settled claims has not exceeded insurance coverage for each of the past three fiscal years.

**NOTE 5 – FUND BALANCE**

At June 30, 2016, fund balances of the District's governmental funds were classified as follows:

	General Fund	Endowment Fund	Total
Nonspendable	\$ 5,867	\$ 244,348	\$ 250,215
Restricted - maintenance	-	106,765	106,765
Committed - capital assets	94,557	-	94,557
Assigned	49,733	-	49,733
Unassigned	307,568	-	307,568
Total	<u>\$ 457,725</u>	<u>\$ 351,113</u>	<u>\$ 808,838</u>

## WINTERS CEMETERY DISTRICT

### *Notes to Financial Statements*

*Years Ended June 30, 2016*

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#### **NOTE 6 – PENSION PLAN**

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

##### **A. General Information about the Pension 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). The District contributes to the miscellaneous risk pool within the Plan. 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, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA's adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the "classic" plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the "PEPRA/new" plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2014 Annual Actuarial Valuation Reports.

###### **Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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 difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were \$21,267.

##### **B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2016, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$208,769.

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, 2015, 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, 2014, rolled forward to June 30, 2015 using standard update procedures.



**WINTERS CEMETERY DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2016*

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**NOTE 6 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the total pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>CalPERS</u>
Proportion - June 30, 2014	0.007010%
Proportion - June 30, 2015	<u>0.007006%</u>
Change - Increase (Decrease)	<u><u>-0.000004%</u></u>

For the year ended June 30, 2016, the District recognized pension expense of \$7,600. At June 30, 2016, 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	\$ 21,526	\$ -
Differences between actual and expected experience	947	-
Changes in assumptions	-	(8,957)
Adjustment due to differences in proportions	36,668	-
Net differences between projected and actual earnings on plan investments	<u>22,960</u>	<u>(27,450)</u>
	<u>\$ 82,101</u>	<u>\$ (36,407)</u>

The total amount of \$21,526 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 6,508
2018	7,257
2019	16,673
2020	-
2021	-
Thereafter	-

# WINTERS CEMETERY DISTRICT

## Notes to Financial Statements

June 30, 2016

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### NOTE 6 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### *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:

	<u>CalPERS</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived Using CalPERS Membership Data
Post-retirement Benefit Increase	2.75%

<sup>1</sup> The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

## WINTERS CEMETERY DISTRICT

### Notes to Financial Statements

June 30, 2016

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#### NOTE 6 – PENSION PLAN (continued)

##### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability (Asset)	\$ 350,121	\$ 208,769	\$ 92,067

###### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

##### C. Payable to the Pension Plans

At June 30, 2016, the District reported no payables for the outstanding amount of contributions to the CalPERS pension plan required for the fiscal year ended June 30, 2016.

#### NOTE 7 – COMMITMENTS AND CONTINGENCIES

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel, Management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

The District provides retirement benefits for two retirees of \$500-\$700 each monthly for postemployment health coverage. The District has not determined the long term financial obligation of the plan in accordance with GASB Statement No. 45.

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***Required Supplementary Information***

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**WINTERS CEMETERY DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year ended June 30, 2016*

	<b>Adopted Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>Revenues</b>				
Property taxes	\$ 261,202	\$ 261,202	\$ 300,082	\$ 38,880
Charges for services	37,500	37,500	49,498	11,998
Investment income	100	100	4,025	3,925
Miscellaneous income	200	200	19,665	19,465
<b>Total Revenues</b>	<b>299,002</b>	<b>299,002</b>	<b>373,270</b>	<b>74,268</b>
<b>Expenditures</b>				
Salaries	95,600	95,600	98,819	(3,219)
Employee benefits	79,109	79,109	59,648	19,461
Administrative expenses	35,200	28,200	24,361	3,839
Operational expenses	71,200	78,200	71,837	6,363
Utilities	3,500	3,500	3,529	(29)
Capital expenditures	59,000	59,000	44,202	14,798
<b>Total Expenditures</b>	<b>343,609</b>	<b>343,609</b>	<b>302,396</b>	<b>41,213</b>
<b>Excess Revenues over Expenditures</b>	<b>(44,607)</b>	<b>(44,607)</b>	<b>70,874</b>	<b>115,481</b>
<b>Other Financing (Uses)</b>				
Transfers	3,000	3,000	-	(3,000)
<b>Excess of Revenues over Expenditures and Other Uses</b>	<b>(41,607)</b>	<b>(41,607)</b>	<b>70,874</b>	<b>112,481</b>
Fund Balance - beginning of year	386,851	386,851	386,851	-
Fund Balance - end of year	<b>\$ 345,244</b>	<b>\$ 345,244</b>	<b>\$ 457,725</b>	<b>\$ 112,481</b>

**WINTERS CEMETERY DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year ended June 30, 2016*

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**California Public Employees' Retirement System (CalPERS)**  
 Last Ten Fiscal Years\*

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.007006%	0.007010%
District's proportionate share of the net pension liability (asset)	\$ 208,769	\$ 173,275
District's covered-employee payroll	\$ 76,849	\$ 140,137
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	271.66%	123.65%
Plan fiduciary net position as a percentage of the total pension liability	79.89%	81.15%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**WINTERS CEMETERY DISTRICT**  
*Schedule of Pension Contributions*  
*For the Fiscal Year ended June 30, 2016*

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**California Public Employees' Retirement System (CalPERS)**  
 Last Ten Fiscal Years\*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 21,526	\$ 14,908
Contributions in relation to the actuarially determined contribution	<u>(21,526)</u>	<u>(14,908)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 98,819	\$ 76,849
Contributions as a percentage of covered-employee payroll	21.78%	19.40%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**WINTERS CEMETERY DISTRICT**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year ended June 30, 2016*

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedules**

These schedules are required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District’s budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Proportionate Share of the Net Pension Liability**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer’s covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer’s covered-employee payroll
- The pension plan’s fiduciary net position as a percentage of the total pension liability

**Schedule of Pension Contributions**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer’s contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer’s actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer’s actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

**Change in Benefit Terms**

The figures in the schedule do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014, as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Change in Assumptions**

The discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At June 30, 2016, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Salaries	\$	3,219
Utilities		29



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***Other Independent Auditors' Report***

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**INDEPENDENT AUDITORS' 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 Trustees  
Winters Cemetery District  
Winters, California

We have audited, in accordance with the 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, the financial statements of Winters Cemetery District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Winters Cemetery District's basic financial statements, and have issued our report thereon dated June 12, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Winters Cemetery District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Winters Cemetery District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Winters Cemetery District's internal control.

*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 District's financial statements will not be prevented or detected and corrected on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2016-001 and 2016-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Winters Cemetery District'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*.

**Winters Cemetery District's Responses to Findings**

Winters Cemetery District's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Winters Cemetery District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
June 12, 2018

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## ***Findings and Recommendations***

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**WINTERS CEMETERY DISTRICT**  
*Schedule of Audit Findings and Recommendations*  
*For the Fiscal Year ended June 30, 2016*

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**SECTION I - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**Finding 2016-001: Capital Asset Accounting**

**Criteria:** Capital assets represent one of the largest investments of the District; control and accountability are of significant concern. It is necessary to maintain records that properly account for capital asset acquisitions, disposals and depreciation. Proper accounting for these should also be reflected on the general ledger.

**Condition:** The County of Yolo tracks capital acquisitions, disposals and annual depreciation on a separate worksheet, but did not take depreciation expense or record accumulated depreciation on the general ledger. Balances for capital assets as of July 1, 2015, were only partially substantiated by records. As a result, of the \$445,324.74 beginning balance, no support for \$326,906.77 was provided. This represents \$89,970.92 in book value (after accumulated depreciation). Additions and disposals during the fiscal year ending June 30, 2016, were substantiated by records.

**Effect:** The general ledger as maintained by the County of Yolo reflects the historical cost of capitalized assets but did not show accumulated depreciation. Without an audit adjustment, capital assets net of depreciation on the statement of net position would have been overstated. Beginning balances could not be substantiated by records.

**Cause:** Unknown.

**Recommendation:** We recommend that the District explore the costs of obtaining a full reconciliation of District assets, including accumulated depreciation. We further recommend the District include appropriate general ledger accounts to record depreciation and accumulated depreciation in order to properly reflect value.

**Views of Responsible Officials:** The District will explore the possibility of trying to obtain a full reconciliation of our assets. The records for Capital Assets are generated and held by the County of Yolo on our behalf. We have no knowledge why their general ledger produced does not document depreciation and accumulated depreciation other than major changes made to reports when the County's new general ledger software program was installed.

**WINTERS CEMETERY DISTRICT**  
*Schedule of Audit Findings and Recommendations*  
*For the Fiscal Year ended June 30, 2016*

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**SECTION I - FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2016-002: Other Postemployment Benefits**

**Criteria:** The District offers other retirement benefits for retirees of the District by paying between \$500 and \$700 monthly for health insurance. The District records the monthly costs on the general ledger as these costs are paid. Under GASB 45, financial reporting should recognize the cost of benefits in periods when the related services are received by the employer and provide information about the *actuarial accrued liabilities* for promised benefits associated with past services and whether and to what extent those benefits have been funded.

**Condition:** The District has not performed an internal or external GASB 45 actuarial study and so is unable to provide an accrual-based measurement and recognition of OPEB cost over a period that approximates employees' years of service and provide information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

**Effect:** The amount that should have been reported as of June 30, 2016 under GASB Statement No. 45 has not been determined.

**Cause:** The District was unaware of the requirements of GASB Statement No. 45 to obtain or perform an actuarial study.

**Recommendation:** We recommend the District obtain or perform an actuarial study in order to recognize an accrual-based measurement of OPEB costs. For fiscal year ending June 30, 2016, and 2017 this would be in reported under GASB 45. For years ending June 30, 2018 and later, this will be reported under GASB Statement No. 75.

**Views of Responsible Officials:** The District voted and approved on June 14, 2017, by resolution #2017-02 to cease the benefits for medical insurance for the current employee and retirees as of December 31, 2017.

**WINTERS CEMETERY DISTRICT**  
*Schedule of Audit Findings and Recommendations*  
*For the Fiscal Year ended June 30, 2016*

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*There was no financial statement audit in 2014-15.*