

**WINTERS
CEMETERY DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2017**



WINTERS CEMETERY DISTRICT
For the Fiscal Year Ended June 30, 2017
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Financial Section

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, 2017, 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, 2017 (stated at \$485,860), or the amount of accumulated depreciation for the year then ended (stated at \$275,023).

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 paragraph, 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, 2017, 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 28 through 30 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.



Murrieta, California
June 12, 2018

WINTERS CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2017

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, 2017. 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 \$134,385 or 16%.
- Total revenues were \$401,806 as compared to \$387,683 in 2015-16.
- Operating expenses were \$250,175 as compared to \$257,956 in 2015-16.

OVERVIEW OF THE FINANCIAL STATEMENTS

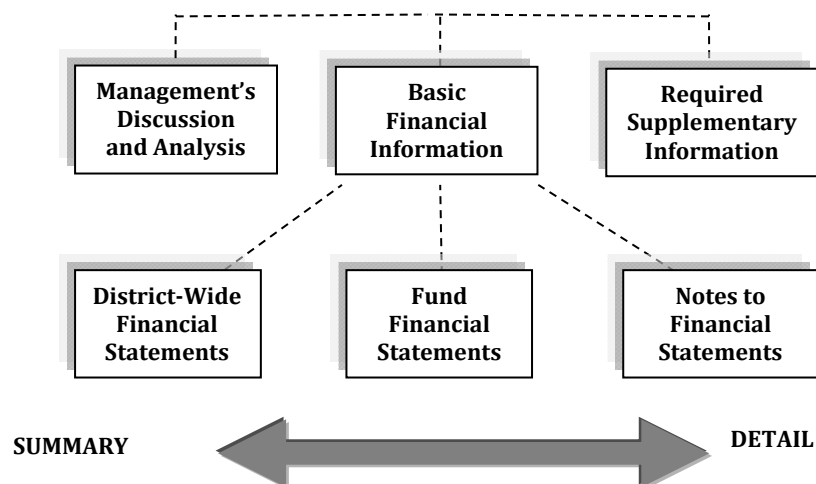
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *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, 2017

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

Type of Statements	District-Wide	Governmental Fund
<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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenses & Changes in Fund Balances
<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, 2017

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, 2017

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current and Other Assets	\$ 967,191	\$ 818,401	\$ 148,790	18%
Capital Assets, Net of Depreciation	210,837	228,083	(17,246)	-8%
Total Assets	<u>1,178,028</u>	<u>1,046,484</u>	<u>131,544</u>	<u>13%</u>
Deferred Outflows of Resources	<u>137,719</u>	<u>82,101</u>	<u>55,618</u>	<u>68%</u>
Liabilities				
Current Liabilities	16,205	9,563	6,642	69%
Long-term Liabilities	<u>269,073</u>	<u>217,127</u>	<u>51,946</u>	<u>24%</u>
Total Liabilities	285,278	226,690	58,588	26%
Deferred Inflows of Resources	<u>30,596</u>	<u>36,407</u>	<u>(5,811)</u>	<u>-16%</u>
Net Position:				
Net Investment in Capital Assets	210,837	228,083	(17,246)	-8%
Restricted for endowment	360,466	351,113	9,353	3%
Restricted for capital projects	131,321	94,557	36,764	39%
Unrestricted	<u>297,249</u>	<u>191,735</u>	<u>105,514</u>	<u>55%</u>
Total Net Position	<u>\$ 999,873</u>	<u>\$ 865,488</u>	<u>\$ 134,385</u>	<u>16%</u>

Net position increased by \$134,385 from fiscal year 2016 to fiscal year 2017. The decrease in the investment of capital assets represents the amount of depreciation expense over additions. 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, 2017

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 67,110	\$ 49,498	\$ 17,612	36%
Other Revenues	<u>334,696</u>	<u>338,185</u>	<u>(3,489)</u>	<u>-1%</u>
Total Revenues	<u>401,806</u>	<u>387,683</u>	<u>14,123</u>	<u>4%</u>
Depreciation Expense	17,246	13,879	3,367	24%
Operating Expense	<u>250,175</u>	<u>257,956</u>	<u>(7,781)</u>	<u>-3%</u>
Total Expenses	<u>267,421</u>	<u>271,835</u>	<u>(4,414)</u>	<u>-2%</u>
Change in Net Position	134,385	115,848	18,537	16%
Net Position, Beginning	<u>865,488</u>	<u>749,640</u>	<u>115,848</u>	<u>15%</u>
Net Position, Ending	<u>\$ 999,873</u>	<u>\$ 865,488</u>	<u>\$ 134,385</u>	<u>16%</u>

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 is increased operating revenue from service fees and charges and increases to operating expenses.

CAPITAL ASSETS

Net capital assets decreased by \$17,246 from the prior year, contributing towards the ending balance of \$210,837. This decrease consisted of current year depreciation. There were no capital assets disposed of during the year.

LONG-TERM DEBT

Long-term debt increased by \$51,946, related to the change in net pension liability (discussed in Note 6 – Pension Plan) and the increase in compensated absences.

WINTERS CEMETERY DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2017

ANALYSIS OF INDIVIDUAL DISTRICT FUNDS

General Operating Fund

Total revenues and other financing sources for the year increased by \$14,123.

- Service revenue increased by 35.6%.
- Property tax revenues increased by 5% due to an increase in property values.

Total expenditures for the fiscal year decreased by \$42,738 or 14%.

Endowment Care Fund

The Endowment Care Fund increased by almost \$9,400 compared to \$14,413 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 administrative expenditures and decrease budgeted operational expenditures equally.

Total revenues exceeded budget by \$71,477, and total expenditures were \$25,842 less than budgeted.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

The District is anticipating 2017-2018 fiscal year General Fund revenues to increase with the improvement of property values, the new housing developments and the Pacific Gas and Electric training facility. An increase in expenses is anticipated due to improvements and planning towards a new modular office.

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, 2017

	General Fund	Endowment Fund	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	\$ 601,053	\$ 16,163	\$ 617,216	\$ -	\$ 617,216
Investments	-	344,000	344,000	-	344,000
Property taxes receivable	315	-	315	-	315
Inventory	5,660	-	5,660	-	5,660
Capital assets, net of accumulated depreciation	-	-	-	210,837	210,837
Total Assets	\$ 607,028	\$ 360,163	\$ 967,191	210,837	1,178,028
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	-	-	-	137,719	137,719
LIABILITIES					
Accounts payable	\$ 2,124	\$ -	\$ 2,124	-	2,124
Wages payable	7,596	-	7,596	-	7,596
Due to other government	38	(53)	(15)	-	(15)
Deposits from other	6,750	(250)	6,500	-	6,500
Compensated absences payable	-	-	-	10,659	10,659
Net pension liability	-	-	-	258,414	258,414
Total Liabilities	16,508	(303)	16,205	269,073	285,278
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	-	-	-	30,596	30,596
FUND BALANCE / NET POSITION					
Fund Balance:					
Nonspendable	5,866	344,000	349,866	(349,866)	-
Restricted - maintenance	-	16,466	16,466	(16,466)	-
Committed - capital assets	131,321	-	131,321	(131,321)	-
Assigned	49,733	-	49,733	(49,733)	-
Unassigned	403,600	-	403,600	(403,600)	-
Total Fund Balance	590,520	360,466	950,986	(950,986)	-
Total Liabilities and Fund Balance	\$ 607,028	\$ 360,163	\$ 967,191		
Net Position:					
Net investment in capital assets				210,837	210,837
Restricted for endowment				360,466	360,466
Restricted for capital projects				131,321	131,321
Unrestricted				297,249	297,249
Total Net Position				\$ 999,873	\$ 999,873

WINTERS CEMETERY DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position June 30, 2017

Total fund balances - government funds \$ 950,986

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>(275,023)</u>	
Capital assets, net of depreciation		210,837

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	137,719
Deferred inflows of resources relating to pensions	<u>(30,596)</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	(10,659)
Net pension liability	<u>(258,414)</u>

Total net position - governmental activities \$ 999,873

WINTERS CEMETERY DISTRICT*Statement of Revenues, Expenses and Changes in Fund Balances / Statement of Activities
For the Fiscal Year Ended June 30, 2017*

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses:					
Cemetery services-operations					
Salaries	\$ 105,276	\$ -	\$ 105,276	\$ 2,301	\$ 107,577
Employee benefits	61,901	-	61,901	(11,784)	50,117
Administrative expenses	27,388	-	27,388	-	27,388
Operational expenses	60,205	-	60,205	-	60,205
Utilities	4,888	-	4,888	-	4,888
Depreciation-unallocated	-	-	-	17,246	17,246
Total expenditures/expenses	<u>259,658</u>	<u>-</u>	<u>259,658</u>	<u>7,763</u>	<u>267,421</u>
Program Revenues:					
Charges for services	<u>67,110</u>	<u>-</u>	<u>67,110</u>	<u>-</u>	<u>67,110</u>
Net program expense				<u>7,763</u>	<u>200,311</u>
General Revenues:					
Property taxes	314,150	-	314,150	-	314,150
Investment income	3,153	9,353	12,506	-	12,506
Miscellaneous income	<u>8,040</u>	<u>-</u>	<u>8,040</u>	<u>-</u>	<u>8,040</u>
Total general revenues	<u>325,343</u>	<u>9,353</u>	<u>334,696</u>	<u>-</u>	<u>334,696</u>
Excess (deficiency) of revenues over (under) expenditures	132,795	9,353	142,148	<u>(142,148)</u>	<u>-</u>
Change in net position				<u>\$ 134,385</u>	134,385
Fund Balance/Net Position:					
Beginning of year	<u>457,725</u>	<u>351,113</u>	<u>808,838</u>		<u>865,488</u>
End of year	<u>\$ 590,520</u>	<u>\$ 360,466</u>	<u>\$ 950,986</u>		<u>\$ 999,873</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, 2017

Net change in fund balances-total governmental funds \$ 142,148

Amounts reported for governmental activities in the statement of activities are different because:

Long-term compensated absences are reported in the Statement of Activities but do not require the use of current financial resources. Therefore, the net change in long-term compensated absences is not reported as an expenditure in Governmental Funds. (2,301)

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Government Funds. (17,246)

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: 11,784

Change in net position-governmental activities \$ 134,385

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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 \$2,440 in stipends during fiscal year 2016-17.

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 two 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, 2017

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 two 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, 2017

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 two fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current two 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 two fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the two 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.

3. Fair Value Measurements

The District categorizes the fair value measurements 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. The following provides a summary of the hierarchy used to measure fair value:

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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. Fair Value Measurements (continued)

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Investments as of June 30, 2017, were all held in cash and sweep balances.

4. 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

5. 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.

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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)

6. 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.

7. 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.

8. 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.

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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)

9. 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.

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.

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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

H. New GASB Pronouncements

During the 2016-17 fiscal year, the following GASB Pronouncements became effective:

1. Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (Issued 06/15)*

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

2. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (Issued 06/15)*

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

3. Statement No. 77, *Tax Abatement Disclosures (Issued 08/15)*

For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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

H. New GASB Pronouncements (continued)

4. Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans (Issued 12/15)

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

5. Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 (Issued 01/16)

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

6. Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73 (Issued 03/16)

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2017, are reported at fair value and consisted of the following:

	General Fund	Endowment Care Fund	Total
Cash in county treasury	\$ 601,053	\$ 16,163	\$ 617,216
Investments	\$ -	\$ 344,000	\$ 344,000

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

Pooled Funds

The District maintains substantially 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, 2017, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, none of the District's bank balance was exposed to custodial credit risk.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board.

Maturities of investments held at June 30, 2017, consisted of the following:

Description	Less than 1 Year	2017 Total	2016 Total
Cash and Sweep	\$ 344,000	\$ 344,000	\$ -

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2017, all investments represented cash equivalents which were issued, registered and held by the District's agent in the District's name.

WINTERS CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2017, the District had the following investments that represented more than five percent of the District's net investments.

Issuer	Fair Value	Percentage of Total Investment Portfolio
Wells Fargo Funds	\$ 344,000	100%

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2016	Additions	Retirements	Balance, June 30, 2017
Capital assets not being depreciated:				
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>
Capital assets being depreciated:				
Buildings and Improvements	312,021	-	-	312,021
Equipment	136,148	-	-	136,148
Total capital assets being depreciated	<u>448,169</u>	<u>-</u>	<u>-</u>	<u>448,169</u>
Accumulated depreciation for:				
Buildings and Improvements	(177,597)	(10,647)	-	(188,244)
Equipment	(80,180)	(6,599)	-	(86,779)
Total accumulated depreciation	<u>(257,777)</u>	<u>(17,246)</u>	<u>-</u>	<u>(275,023)</u>
Total capital assets being depreciated, net	<u>190,392</u>	<u>(17,246)</u>	<u>-</u>	<u>173,146</u>
Governmental activity capital assets, net	<u>\$ 228,083</u>	<u>\$ (17,246)</u>	<u>\$ -</u>	<u>\$ 210,837</u>

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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 two fiscal year ended June 30, 2017, 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 two fiscal years.

NOTE 5 - FUND BALANCE

At June 30, 2017, fund balances of the District's governmental funds were classified as follows:

	General Fund	Endowment Fund	Total
Nonspendable	\$ 5,866	\$ 344,000	\$ 349,866
Restricted - maintenance	-	16,466	16,466
Committed - capital assets	131,321	-	131,321
Assigned	49,733	-	49,733
Unassigned	403,600	-	403,600
Total	<u>\$ 590,520</u>	<u>\$ 360,466</u>	<u>\$ 950,986</u>

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a 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, 2015 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, 2017, the contributions recognized as part of pension expense for the Plan were \$16,450.

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

As of June 30, 2017, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$258,414.

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, 2015, rolled forward to June 30, 2016 using standard update procedures.

WINTERS CEMETERY DISTRICT
Notes to Financial Statements
June 30, 2017

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 total net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	CalPERS
Proportion - June 30, 2015	0.007006%
Proportion - June 30, 2016	0.007030%
Change - Increase (Decrease)	0.000024%

For the year ended June 30, 2017, the District recognized pension expense of \$37,976. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 23,817	\$ -
Differences between actual and expected experience	770	(176)
Changes in assumptions	-	(7,281)
Adjustment due to differences in proportions	52,097	-
Net differences between projected and actual earnings on plan investments	61,035	(23,139)
	<u>\$ 137,719</u>	<u>\$ (30,596)</u>

The total amount of \$23,817 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2018	\$ 25,948
2019	23,925
2020	24,341
2021	-
2022	-
Thereafter	-

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

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, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015, total pension liability. Both the June 30, 2015 total pension liability and the June 30, 2016, total pension liability were based on the following actuarial methods and assumptions:

	<u>CalPERS</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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%

¹ 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, 2015, valuation were based on the results of an actuarial experience study for the two 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.

WINTERS CEMETERY DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 6 – PENSION PLAN (continued)

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

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.

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)	\$ 402,602	\$ 258,414	\$ 139,250

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, 2017, the District reported no payables for the outstanding amount of contributions to the CalPERS pension plan required for the two fiscal year ended June 30, 2017.

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 \$500-\$700 each monthly for postemployment health coverage. The District has determined the long term financial obligation of the plan in accordance with GASB Statement No. 45.

Required Supplementary Information

WINTERS CEMETERY DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2017

	Adopted Budget Amounts	Final Budget Amounts	Actual	Variance with Budget
Revenues				
Property taxes	\$ 286,202	\$ 286,202	\$ 314,150	\$ 27,948
Charges for services	34,100	34,100	67,110	33,010
Investment income	504	504	3,153	2,649
Miscellaneous income	200	200	8,040	7,840
Total Revenues	321,006	321,006	392,453	71,447
Expenditures				
Salaries	108,500	108,500	105,276	3,224
Employee benefits	70,900	70,900	61,901	8,999
Administrative expenses	37,450	40,150	27,388	12,762
Operational expenses	64,950	62,250	60,205	2,045
Utilities	3,700	3,700	4,888	(1,188)
Total Expenditures	285,500	285,500	259,658	25,842
Excess Revenues over Expenditures	35,506	35,506	132,795	97,289
Other Financing (Uses)				
Transfers	3,000	3,000	-	(3,000)
Excess of Revenues over Expenditures and Other Uses	38,506	38,506	132,795	94,289
Fund Balance - beginning of year	457,725	457,725	457,725	-
Fund Balance - end of year	<u>\$ 496,231</u>	<u>\$ 496,231</u>	<u>\$ 590,520</u>	<u>\$ 94,289</u>

WINTERS CEMETERY DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2017

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.007030%	0.007006%	0.007010%
District's proportionate share of the net pension liability (asset)	\$ 258,414	\$ 208,769	\$ 173,275
District's covered-employee payroll	\$ 98,819	\$ 76,849	\$ 140,137
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	261.50%	271.66%	123.65%
Plan fiduciary net position as a percentage of the total pension liability	75.87%	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, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 23,817	\$ 21,526	\$ 14,908
Contributions in relation to the actuarially determined contribution	<u>(23,817)</u>	<u>(21,526)</u>	<u>(14,908)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	105,276	\$ 98,819	\$ 76,849
Contributions as a percentage of covered-employee payroll	22.62%	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, 2017

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, 2017, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Utilities	\$ 1,188
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Other Independent Auditors' Report



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, 2017, 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 2017-001 and 2017-002 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

Findings and Recommendations

WINTERS CEMETERY DISTRICT
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2017

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 2017-001 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, however balances for capital assets as of July 1, 2015, were only partially substantiated by supporting records. As a result, of the \$445,324.74 beginning balance, no support for \$326,906.77 was provided. This is a repeat finding from the 2016 audit, although the County now reflects accumulated depreciation on the District general ledger.

Effect: None

Cause: The records for capitalized purchases dating back to the beginning of the entity have not all been retained.

Recommendation: We recommend that the District explore the costs of obtaining a full reconciliation of District assets, including accumulated depreciation.

Views of Responsible Officials: The District now receives a General Ledger report that shows both depreciation and accumulated depreciation. 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.

WINTERS CEMETERY DISTRICT
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2017

SECTION I - FINANCIAL STATEMENT FINDINGS (continued)

Finding 2017-002 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 current costs monthly 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 providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. This is a repeat finding from the 2016 audit.

Effect: The amount that should have been reported as of June 30, 2017 under GASB 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 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 coverage for medical benefits for an employee and retirees covered through the CalPERS system. Therefore, as of December 31, 2017, there will no longer be Other Post Employment Benefits that would require an actuarial study for future cost to the District.

WINTERS CEMETERY DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017

Original Finding No.	Finding	Recommendation	Current Status
<i>Finding 2016-001: Capital Asset Accounting</i>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>Partially Implemented.</p>
<i>Finding 2016-002: Other Postemployment Benefits</i>	<p>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 <i>actuarial accrued liabilities</i> for promised benefits associated with past services and whether and to what extent those benefits have been funded.</p>	<p>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.</p>	<p>Not Implemented.</p>

WINTERS CEMETERY DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2017

Original Finding No.	Finding	Recommendation	Current Status
<i>Finding 2016-002: Other Postemployment Benefits (continued)</i>	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.		