

OROVILLE CEMETERY DISTRICT

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

Oroville Cemetery District
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June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oroville Cemetery District
Oroville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oroville 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oroville Cemetery District as of June 30, 2017, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund and the Endowment Principal Fund, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The Oroville Cemetery District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information

Accounting standards generally accepted in the United States of America require that the required supplementary information (RSI), 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of the Oroville Cemetery District's internal control over financial reporting and 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Oroville Cemetery District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Matthews Hutton & Warren". The signature is written in a cursive, flowing style.

Matthews, Hutton and Warren, CPAs
Paradise, California
November 2, 2017

Oroville Cemetery District
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 1,429,548
Restricted Cash in County Treasury	947,083
Petty cash	300
Investments	1,278,566
Inventory	13,968
Interest receivable	6,157
Capital assets:	
Land	7,394
Other capital assets, net of accum. depr.	842,819
Total Assets	4,525,835
DEFERRED OUTFLOWS OF RESOURCES	
CalPERS pension contributions	91,977
Total Deferred Outflows of Resources	9,143,647
LIABILITIES	
Accounts payable	5,770
Warrants payable	18,851
Noncurrent liabilities:	
Due in less than one year:	
Compensated absences	20,890
Due in more than one year:	
Post-employment benefits	236,938
Net pension liability	408,369
Total Liabilities	690,818
DEFERRED INFLOWS OF RESOURCES	
CalPERS pension expense	45,534
Pre-need deferred revenue	1,006,886
Total Deferred Inflows of Resources	1,052,420
NET POSITION	
Net investment in capital assets	850,213
Restricted for Endowed Care	1,402,000
Unrestricted	622,361
Total Net Position	\$ 2,874,574

The accompanying notes are an integral part of this statement.

Oroville Cemetery District
Statement of Activities
For the year ended June 30, 2017

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:				
Public health	\$ 781,058	\$ 342,414	\$ -	\$ -
				\$ (438,644)
General Revenues:				
Taxes				233,719
Endowed Care				57,780
Investment income				11,213
Miscellaneous revenue				112,831
Total General Revenues				415,543
Changes in Net Position				(23,101)
Net position, beginning				2,625,827
Prior year adjustment				271,848
Net position, ending				\$ 2,874,574

The accompanying notes are an integral part of this statement.

Oroville Cemetery District
Balance Sheet - Governmental Funds
Year Ended June 30, 2017

	General Fund	Permanent Fund Endowment Principal	Total Governmental Funds
Assets			
Cash in County Treasury	\$ 1,429,548	\$ -	\$ 1,429,548
Restricted Cash in County Treasury	-	947,083	947,083
Petty cash	300	-	300
Investments	823,649	454,917	1,278,566
Inventory	13,968	-	13,968
Interest receivable	6,157	-	6,157
	<u>2,273,622</u>	<u>1,402,000</u>	<u>3,675,622</u>
Total Assets			
Liabilities			
Accounts payable	\$ 5,770	\$ -	\$ 5,770
Warrants payable	18,851	-	18,851
	<u>24,621</u>	<u>-</u>	<u>24,621</u>
Total Liabilities			
Deferred Inflows of Resources			
Pre-need deferred revenue	1,006,886	-	1,006,886
	<u>1,006,886</u>	<u>-</u>	<u>1,006,886</u>
Total Deferred Inflows of Resources			
Fund Balances			
Nonspendable:			
Petty cash	300	-	300
Restricted for:			
Endowed care	-	1,402,000	1,402,000
Unassigned	1,241,815	-	1,241,815
	<u>1,242,115</u>	<u>1,402,000</u>	<u>2,644,115</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,273,622</u>	<u>\$ 1,402,000</u>	<u>\$ 3,675,622</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances – governmental funds \$2,644,115

In governmental funds, only current assets are reported.
 In the statement of net position, all assets are reported,
 including capital assets and accumulated depreciation.

Capital assets at historical cost	\$1,932,983	
Accumulated depreciation	<u>(1,082,770)</u>	
Net		850,213

Long-term liabilities: 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	(20,890)	
Post-employment benefits payable	(236,938)	
Net pension liability	<u>(408,369)</u>	
		(666,197)

Deferred outflows and inflows of resources represent pension related activity that will occur in future periods and, therefore, are not reported in the governmental fund. 46,443

Net position of governmental activities \$2,874,574

Oroville Cemetery District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Permanent Fund Endowment Principal	Total Governmental Funds
Revenues:			
Taxes:			
Current secured property taxes	\$ 130,189	\$ -	\$ 130,189
Current supplemental property taxes	2,776	-	2,776
Current unsecured property taxes	10,912	-	10,912
Prior property taxes	253	-	253
Passthrough property tax	86,217	-	86,217
Miscellaneous taxes	365	-	365
Reserved for Endowed Care	-	57,780	57,780
Investment income	15,537	(4,324)	11,213
Aid from other governmental agencies:			
State: Homeowners' property tax relief	3,007	-	3,007
Charges for current services	342,414	-	342,414
Miscellaneous revenue	112,831	-	112,831
 Total Revenues	 704,501	 53,456	 757,957
 Expenditures:			
Salaries and benefits	508,538	-	508,538
Services and supplies	117,474	-	117,474
Fixed assets	100,904	-	100,904
Rebates and refunds	3,499	-	3,499
 Total Expenditures	 730,415	 -	 730,415
 Excess (deficiency) of revenues over expenditures	 (25,914)	 53,456	 27,542
Fund balances at beginning of year	996,181	1,348,544	2,344,725
Prior year adjustment	271,848	-	271,848
Fund balances at end of year	\$ 1,242,115	\$ 1,402,000	\$ 2,644,115

The accompanying notes are an integral part of this statement

Oroville Cemetery District
 Reconciliation of the Governmental Funds Statement of Revenue, Expenditures,
 and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2017

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances – total governmental funds \$ 27,542

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures; however in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period as shown below:

Capitalizable expenditures added back to fund balances	\$100,903	
Depreciation expense not reported in governmental funds	<u>(43,670)</u>	
Net		57,233

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(1,945)	
Post-employment benefits	<u>(48,310)</u>	
		(50,255)

Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund (57,621)

Change in net position of governmental activities \$(23,101)

Oroville Cemetery District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes:				
Current secured property taxes	\$ 205,000	\$ 205,000	\$ 130,189	\$ (74,811)
Current supplemental property taxes	2,100	2,100	2,776	676
Current unsecured property taxes	10,500	10,500	10,912	412
Prior property taxes	350	350	253	(97)
Passthrough property tax	-	-	86,217	86,217
Miscellaneous taxes	150	150	365	215
Reserved for Endowed Care	-	-	-	-
Investment income	246,896	246,896	15,537	(231,359)
Aid from other governmental agencies:				
State: Homeowners' property tax relief	3,000	3,000	3,007	7
Charges for current services	243,000	243,000	342,414	99,414
Miscellaneous revenue	119,681	119,681	112,831	(6,850)
Total Revenues	<u>830,677</u>	<u>830,677</u>	<u>704,501</u>	<u>(126,176)</u>
Expenditures:				
Salaries and benefits	511,255	511,255	508,538	2,717
Services and supplies	162,206	162,206	117,474	44,732
Fixed assets	288,741	288,741	100,904	187,837
Rebates and refunds	4,000	4,000	3,499	501
Total Expenditures	<u>966,202</u>	<u>966,202</u>	<u>730,415</u>	<u>235,787</u>
Excess (deficiency) of revenues over expenditures	(135,525)	(135,525)	(25,914)	109,611
Fund balance at beginning of year	996,181	996,181	996,181	-
Prior year adjustment	271,848	271,848	271,848	-
Fund balance at end of year	<u>\$ 1,132,504</u>	<u>\$ 1,132,504</u>	<u>\$ 1,242,115</u>	<u>\$ 109,611</u>

The accompanying notes are an integral part of this statement.

Oroville Cemetery District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Permanent Fund - Endowment Principal Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes:				
Current secured property taxes	\$ -	\$ -	\$ -	\$ -
Current supplemental property taxes	-	-	-	-
Current unsecured property taxes	-	-	-	-
Prior property taxes	-	-	-	-
Miscellaneous taxes	-	-	-	-
Reserved for Endowed Care	-	-	57,780	57,780
Investment income	-	-	(4,324)	(4,324)
Aid from other governmental agencies:				
State: Homeowners' property tax relief	-	-	-	-
Charges for current services	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>53,456</u>	<u>53,456</u>
Expenditures:				
Salaries and benefits	-	-	-	-
Services and supplies	-	-	-	-
Fixed assets	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest	-	-	-	-
Rebates and refunds	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	53,456	53,456
Fund balance at beginning of year	<u>1,348,544</u>	<u>1,348,544</u>	<u>1,348,544</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,348,544</u>	<u>\$ 1,348,544</u>	<u>\$ 1,402,000</u>	<u>\$ 53,456</u>

The accompanying notes are an integral part of this statement.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Oroville Cemetery District (District) provides a cemetery in which the residents of the District may be buried. The District also allows “out of district” burials for non-district individuals at an additional cost. The District boundaries include the City of Oroville and some of the Southeast portion of Butte County. The District sells plots and provides internment services to District residents as well as non-residents meeting specified criteria. It collects an endowment care deposit to provide for future funding of cemetery care.

The district is an appointed Special District of the State of California, formed under Section 8900 of the Health & Safety Code. The District operates and maintains cemetery grounds in four separate locations: Memorial Park (main cemetery containing 66 acres of which 35+ acres are developed), Oroville Cemetery and the Catholic Cemetery (11.4 acres), Jewish Cemetery (1.61 acres), and Oroville-Wyandotte Cemetery (6 acres).

The district is governed by a five-member Board of Trustees appointed by the Butte County Board of Supervisors. The Trustees themselves administer the operations of the District in accordance with policies adopted by the Board of Trustees and in accordance with Health & Safety Code Section 8950. They employ a salaried District Manager to oversee the daily operations of the District. These basic financial statements encompass all fiscal activities under control of its Board of Trustees. Control was determined on the basis of budget adoption and continuing oversight responsibilities.

Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying basic financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No.39.

B. Basis of Presentation

The District’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's 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) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position

For the government-wide financial statements, net position is classified as net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by any outstanding debt incurred for the acquisition, construction and improvement of the assets. Net position is reported as restricted when constraints placed on net assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. All other net position that does not meet the definitions of net investment in capital assets or restricted net position is reported as unrestricted.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental funds are identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund.

The District reported the following major governmental funds in the accompanying financial statements:

General Fund

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the District.

Pre-Need Fund

This fund is used to account for deposits to the Pre-Need Trust Fund. The Fund consists of fees associated with burial, except for the sale of the plot, in the future. The principal amount represents deferred revenue of the General Fund and is therefore reported by the General Fund. Earnings on the trust fund may be expended without restriction.

Endowment Care Fund

This Fund is a permanent fund used to account for deposits for endowed care. A fee is charged for each burial right sold by the District. The principal amounts of the trust may not be expended, but earnings of the fund are transferred to the Endowment Care Interest fund and may be expended for the endowment care of the burial plots.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

The Endowment Care Interest Fund is a fiduciary fund for the benefit of Oroville Cemetery District. As such, the assets are reported as reserved assets of the General Fund.

D. Basis of Accounting

The government-wide financial statements are reported using the *economic measurement focus* and the full 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange 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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

E. Budgetary Reporting

As required by the laws of the Health and Safety Code of the State of California, the District's Governing Board must approve a tentative budget no later than June 30 and adopt a final budget no later than October 1 of each fiscal year end for the General Fund. Thus, the budgetary financial statements included in this report do not include fiduciary funds.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Reporting (Continued)

A public hearing must be conducted to receive comment prior to adoption. Until the adoption of this financial budget operations are governed by the adopted proposed budget approved by the Board. The District's Governing Board satisfied these requirements.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting except as explained below. Budgetary control and the legal level of control are at the object level that classifies expenditures by types of goods purchased and services obtained. The Statement of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual, presents revenues at the source level and expenditures at the function level. It is not feasible to compare budget to actual data at the object level in this report.

Budget information is contained in a separate report prepared by the Butte County Auditor-Controller's office entitled "Expenditure Status Report." Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the District's Board of Trustees. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. All unused appropriations lapse at fiscal year-end.

F. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave, and administrative leave. In accordance with GASB Statement No. 16, the liability for accumulated leave included all salary-related payments that are directly and incrementally connected with leave payments to employees.

The district's policy allows employees to accumulate sick leave on an unlimited basis and vacation to a maximum of 240 hours. Administrative leave may not be accumulated from one calendar year to the next. Upon retirement or separation from the District, the employee is entitled to full compensation for unused vacation and compensated at ½ the normal rate of pay for sick leave in excess of 30 days. The maximum sick leave payable upon separation is \$1,500.

G. Inventory

Inventory is owned by the District and is comprised of vaults and liners. Inventory is stated at cost using the first-in-first-out basis.

H. Fixed Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. With the implementation of GASB Statement No. 34, the District has recorded all its capital assets which include Land, Building and Improvements and Equipment. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$2,000.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets (Continued)

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitable among all users over the life of these assets. Depreciation is provided using the straight line method which means the cost of the capital asset is divided by its expected useful life in years and the result is charged to expense each year until the capital asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Buildings	30 Years
Structures & Improvements	10-25 Years
Equipment	3-15 Years

I. Property Taxes

Property tax is recorded in the fiscal year for which the tax is levied. Revenue is recognized when measurable and available. The County of Butte (County) levies, bills, and collects property taxes for the Oroville Cemetery District. Property taxes paid to the District by the County within 60 days of the end of the fiscal year are “available” and are, therefore, recognized as revenue. Secured and unsecured property taxes are levied based on the assessed values as of January 1 of the preceding fiscal year. Secured property taxes are due in two installments on November 1, and February 1, and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on July 31 and become delinquent if unpaid by August 31.

J. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, 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/expenses during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

The District’s cash is included within the Butte County Treasurer’s cash and investment pool that is described in the County’s Comprehensive Annual Financial Report. Investments are held in a brokerage account. The District’s cash and investments at June 30, 2017 consisted of the following:

	General Fund	Permanent Endowment Principal	Total
Cash in County Treasury	\$ 1,429,548	\$ -	\$ 1,429,548
Restricted Cash in County Treasury	-	947,083	947,083
Investments	823,649	454,917	1,278,566
	\$ 2,253,197	\$ 1,402,000	\$ 3,655,197

The District holds \$300 in petty cash.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(2) CASH AND INVESTMENTS (Continued)

Investments

Investments are accounted for in accordance with the provisions of GASB No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The district reports its investments at fair value based on quoted market information obtained from the County of Butte or other sources.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 months
Cash in County Treasury	2,376,631	2,376,631	-	-	-
Brokerage cash & mm accts.	343,925	343,925	-	-	-
Bank Certificates of Deposit	801,516	99,975	68,068	455,648	177,826
Municipal Bonds	133,125	-	29,594	73,058	30,473
Total	\$ 3,655,197	\$ 2,820,531	\$ 97,662	\$ 528,706	\$ 208,299

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of fiscal year end for each investment type.

Investment Type	Standard & Poors Rating	% of Portfolio
Cash in County Treasury	Unrated	65.02%
Brokerage cash & money market accounts	Unrated	9.41%
Bank Certificates of Deposit	Unrated	21.93%
Municipal Bonds	AA-	3.64%
		100.00%

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(2) CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer that represent 5% or more of the total District's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

(3) CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2017, were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable capital assets				
Land	\$ 7,394	\$ -	\$ -	\$ 7,394
Total nondepreciable capital assets	<u>7,394</u>	<u>-</u>	<u>-</u>	<u>7,394</u>
Depreciable capital assets				
Structures and improvements	1,412,006	95,414	-	1,507,420
Equipment	<u>413,294</u>	<u>5,489</u>	<u>614</u>	<u>418,169</u>
Total capital assets depreciated	<u>1,825,300</u>	<u>100,903</u>	<u>614</u>	<u>1,925,589</u>
Less accumulated depreciation for:				
Structures and improvements	(737,992)	25,025	-	(763,017)
Equipment	<u>(301,722)</u>	<u>18,645</u>	<u>614</u>	<u>(319,753)</u>
Total accumulated depreciation	<u>(1,039,714)</u>	<u>43,670</u>	<u>614</u>	<u>(1,082,770)</u>
Total capital assets depreciated, net	<u>\$ 785,586</u>	<u>\$ 57,233</u>	<u>\$ -</u>	<u>\$ 842,819</u>
Net capital assets	<u>\$ 792,980</u>	<u>\$ 57,233</u>	<u>\$ -</u>	<u>\$ 850,213</u>

Depreciation expense charged to Public Health for the year ended June 30, 2017 was \$43,670.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(4) COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Compensated absences	\$ 18,945	\$ 1,945	\$ -	\$ 20,890

(5) PENSION PLAN

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the cost-sharing multiple employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions as defined by PEPRA, that are hired after January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	7.612%	6.555%

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(5) PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan was as follows:

Contributions – employer	\$46,991
Contributions – employee (paid by employer)	\$14,533

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

As of June 30, 2017, the District reported net pension liability of \$408,369 for its share of the net pension liability of the Plan. 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 each Plan use 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. 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 net pension liability for the Plan as of June 30, 2015 and 2016, were as follows:

Proportion – June 30, 2015	.000076872%
Proportion – June 30, 2016	.00009450%
Change – Increase (Decrease)	.00001763%

For the year ended June 30, 2017, the District recognized pension expense of \$61,524. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between actual and expected experience	\$ 1,145	\$ 262
Changes in assumptions	-	10,836
Net differences between projected and actual earnings on plan investments	90,832	34,436
Total	\$ 91,977	\$ 45,534

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(5) PENSION PLAN (Continued)

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

\$91,977 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, 2018. 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	
2017	2,710
2018	3,786
2019	25,340
2020	14,607
2021	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.7%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	CalPERS Table (3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2015 valuation were based on the results of a January 2016 actuarial experience study for the period 1998 to 2012. Further details of the Experience Study can be found on the CalPERS website.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(5) PENSION PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. 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 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent 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 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(5) PENSION PLAN (Continued)

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

Discount Rate (Continued)

as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	New <u>Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	<u>1%</u>	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.65%	7.65%	8.65%
Net Pension Liability	\$ 636,227	\$ 408,369	\$ 220,054

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(5) PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position

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

(6) OTHER POST EMPLOYMENT BENEFITS

During fiscal year ended June 30, 2014, effective for fiscal year ended June 30, 2010, the district implemented Governmental Accounting Standards Board (GASB) Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (OPEB)" prospectively (no beginning Net OPEB Obligation).

Program Description

In addition to pension benefits, the District makes available health care benefits to retired employees who meet certain eligibility requirements.

Funding Policy

The District contribution to the Program consists of pay-as-you-go claims.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) for the Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation. As fiscal year 2010/2011 is the first year of the implementation of GASB Statement 45, the OPEB obligation at the beginning of the year is zero and OPEB cost (expense) is equal to the ARC.

Annual required contribution	\$ 31,300
30 year amortization of AAL	15,806
Interest on net OPEB obligation	<u>1,204</u>
Annual OPEB cost (expense)	48,310
Contributions made	<u>-</u>
Change in OPEB obligation	48,310
Net OPEB obligation - beginning of year	<u>188,628</u>
Net OPEB obligation - end of year	<u><u>\$ 236,938</u></u>

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(6) OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at June 30, 2017 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009/2010	31,370	0.0%	31,370
2010/2011	31,370	0.0%	31,370
2011/2012	29,049	0.0%	29,049
2012/2013	29,876	0.0%	29,876
2013/2014	28,117	0.0%	28,117
2014/2015	(9,926)	0.0%	(9,926)
2015/2016	48,772	0.0%	48,772
2016/2017	<u>48,310</u>	0.0%	<u>48,310</u>
	236,938		236,938

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$385,512, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$273,787 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 137.30%.

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions and future employment, mortality, and healthcare costs trend. Amounts determined regarding the funded status of the program and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multiyear trend information (only one year presented in this year of implementation) that shows whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Oroville Cemetery District
Notes to the Financial Statements
June 30, 2017

(6) OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The District performed its own actuarial calculations.

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

In the June 30, 2015, actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return (compounded annually) and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5.0% after 10 years. The District's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a closed period. The remaining amortization period at June 30, 2017 was 22 years.

(7) FUND DEFICITS

The General Fund had an operating deficit of \$45,362 for fiscal year ended June 30, 2017.

(8) PRIOR YEAR ADJUSTMENT

The calculation of Pre-Need Deferred Revenue was revised as of June 30, 2017. The valuation of tangible items such as vaults was restated to cost rather than current fee schedule amounts. The effect was a reduction in the liability of \$271,848.

(9) APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Manager and authorized for issue on **XXXXXX**. Subsequent events through that date have been considered in these financial statements.

Oroville Cemetery District
 Schedule of Proportionate Share of the Net Pension Liability
 As of June 30, 2017
 Last 10 years*

Proportion of the collective net pension liability	0.018790%
Proportionate share of the net pension liability	\$ 408,369
Covered employee payroll	\$ 273,787
Proportion of the collective net pension liability as a percentage of covered employee payroll	149.16%
Plan's fiduciary net position	\$ 2,064,325
Plan's fiduciary net position as a percentage of the total pension liability	83.48%

Notes to Schedule:

Benefit Changes The above amounts do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014, as they have a minimal cost impact.

Changes in Assumptions None

*Fiscal year 2016/2017 is the third year of implementation, therefore only three years are shown.

Oroville Cemetery District
 Schedule of Pension Contributions
 As of June 30, 2017
 Last 10 years*

Contractually required contributions (actuarially determined)	\$ 139,727
Contributions in relation to the actuarially determined contributions	<u>139,727</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered employee payroll	\$ 807,148
Contributions as a percentage of covered employee payroll	17.31%

*Fiscal year 2016/2017 is the third year of implementation, therefore only three years are shown.

Oroville Cemetery District
 Other Post Employment Benefits
 As of June 30, 2017
 Last 10 years*

SCHEDULE OF FUNDING PROGRESS

Fiscal Year	(1)	(2)	Funded Ratio (1)/(2)	Unfunded	Annual Covered Payroll	Unfunded Actuarial
	Actuarial Value of Assets	Actuarial Accrued Liability*		Actuarial Accrued Liability		Accrued Liability As a % of Covered Payroll
6/10	-	212,196	0.0%	212,196	273,723	77.52%
6/11	-	212,196	0.0%	212,196	279,644	75.88%
6/12	-	206,269	0.0%	206,269	279,346	73.84%
6/13	-	258,899	0.0%	258,899	283,992	91.16%
6/14	-	256,046	0.0%	256,046	290,371	88.18%
6/15	-	139,856	0.0%	139,856	261,308	53.52%
6/16	-	412,363	0.0%	412,363	258,053	159.80%
6/17	-	385,512	0.0%	385,512	273,787	104.28%

*As of June 30, 2016, the date of the actuarial valuation.



INDEPENDENT AUDITOR'S 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
Oroville Cemetery District
Oroville, California

We have audited, 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, the financial statements of the governmental activities and each major fund of the Oroville Cemetery District, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Oroville Cemetery District, California's basic financial statements and have issued our report thereon dated November 2, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit, we considered the Oroville Cemetery District, California's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oroville Cemetery District, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oroville Cemetery District, California'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

www.mhwcpa.com

Oroville Office
2227 Myers Street, Suite A
Oroville, CA 95966
Tel: 530.5349047 Fax: 530.534.5915

Chico Office
2639 Forest Avenue, Suite 110
Chico, CA 95928
Tel: 530.327.4488

Paradise Office
5973 Almond Street
Paradise, CA 95969
Tel: 530.877.6793 Fax: 530.877.6088

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Oroville Cemetery District, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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*.

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 entity'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.

Matthews, Hutton and Warren, CPAs
Paradise, California
November 2, 2017