

Shiloh Public Cemetery District

**Annual Report
For the Fiscal Year Ended
June 30, 2010**



DONNA DUNK
Interim Auditor-Controller
Treasurer-Tax Collector

Shiloh Public Cemetery District

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Board of Directors
Shiloh Public Cemetery District
7130 Windsor Road
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Auditor-Controller's Report

We have audited the accompanying financial statements of the Shiloh Public Cemetery District (the District), as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV.C of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist. We also believe that subject to this qualification, the information in the audit report can be relied upon.

The Management's Discussion and Analysis (MD&A) on pages 1 through 6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sonoma County Auditor-Controller

June 15, 2011

Management's Discussion and Analysis

As management of the Shiloh Public Cemetery District (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$807,048 (net assets). Of this amount, \$278,142 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$21,594. This increase is a result of revenues exceeding expenses in the governmental activities.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$299,502, a decrease of \$9,770, in comparison with the prior year. All of this ending fund balance is available for spending at the government's discretion (unreserved fund balance).
- At the end of the year, unreserved fund balance for the general fund was \$299,502 or 68% of the total general fund expenditures of \$439,428.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are a governmental fund and fiduciary fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses a governmental fund to account for its activities, which include burial services in the district boundaries. The district adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the district's own programs. Fiduciary funds use the accrual basis of accounting.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$807,048 at the close of the most recent fiscal year.

A large portion of the District's net assets (65 percent) reflects its investment in capital assets (e.g., land, buildings and improvements and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net Assets			
June 30, 2010			
		<u>2010</u>	<u>2009</u>
Current and other assets	\$	350,456	\$ 346,806
Capital assets		<u>528,906</u>	<u>496,703</u>
Total assets		<u>879,362</u>	<u>843,509</u>
Long-term liabilities outstanding		21,360	20,521
Other liabilities outstanding		<u>50,954</u>	<u>37,534</u>
Total liabilities		<u>72,314</u>	<u>58,055</u>
Net assets:			
Invested in capital assets, net of related debt		528,906	496,703
Unrestricted		<u>278,142</u>	<u>288,751</u>
Total net assets	\$	<u><u>807,048</u></u>	\$ <u><u>785,454</u></u>

The balance of unrestricted net assets (\$278,142) may be used to meet the District's ongoing obligations to citizens and vendors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net assets. The same held true for the prior fiscal year.

Governmental activities. Governmental activities increased the District's net assets by \$21,594. This increase is a result of revenues exceeding expenses in the governmental activities.

**Changes in Net Assets
For the Fiscal Year Ended June 30, 2010**

Revenues:		
Program Revenues:	2010	2009
Burial services	\$ 72,279	\$ 92,048
General Revenues:		
Property taxes	352,780	352,435
Investment income and other	2,670	7,326
Total revenues	<u>427,729</u>	<u>451,809</u>
Expenses:		
Burial services	<u>408,064</u>	<u>354,319</u>
Increase in net assets before transfers	19,665	97,490
Transfers	1,929	4,744
Increase in net assets	<u>21,594</u>	<u>102,234</u>
Net assets - beginning of the year	<u>785,454</u>	<u>683,220</u>
Net assets - end of the year	<u>\$ 807,048</u>	<u>785,454</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported ending fund balances of \$299,502, a decrease of \$9,770 in comparison with the prior year. All of the total amount constitutes unreserved fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$299,502, which equals the total general fund balance. For the same time period, total general fund expenditures were \$439,428. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 68% of total general fund expenditures. The total fund balance equals the unreserved fund balance.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets, as of June 30, 2010, amounts to \$528,906 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$32,203.

The District added capital assets totaling \$59,459 during the current fiscal year due to completion of improvements to the new Oak Lawn section of the cemetery and the purchase of a used truck.

Additional information on the District's capital assets can be found in Note III.B in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the District had total long-term obligations outstanding of \$21,360 in compensated absences.

Economic Factors and Next Year's Budgets and Rates

- While no cost of living increase for employees in FY 2009/10 was approved, employee benefit costs are anticipated to continue to rise for FY 2010/11.
- Minimal or no increase in property tax, real property sales and taxable sales revenues are projected for FY 2010/11.

All of these factors were considered in preparing the District's budget for the fiscal year ending June 30, 2011.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$299,502. The District has appropriated \$299,502 of this amount for spending in the 2010/11 fiscal year budget.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District, 7130 Windsor Road, Windsor, CA 95492.

Shiloh Public Cemetery District
Statement of Net Assets
June 30, 2010

Assets	
Cash and investments	\$ 350,456
Capital assets (net of accumulated depreciation):	
Non-depreciable	224,250
Depreciable	<u>304,656</u>
Total assets	<u>879,362</u>
 Liabilities	
Accounts payable	12,634
Deferred revenue	38,320
Non-current liabilities:	
Due in more than one year	<u>21,360</u>
Total liabilities	<u>72,314</u>
 Net Assets	
Invested in capital assets, net of related debt	528,906
Unrestricted, undesignated	<u>278,142</u>
Total net assets	<u>\$ 807,048</u>

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

Shiloh Public Cemetery District
Statement of Activities
June 30, 2010

Program Expenses

Burial services		
Salaries and employee benefits	\$	281,000
Services and supplies		99,808
Depreciation		<u>27,256</u>
Total program expenses		<u>408,064</u>

Program Revenues

Charges for services		
Sales of grave plots		42,510
Intergovernmental		3,619
Other charges for services		<u>26,150</u>
Total charges for services		<u>72,279</u>
Total program revenues		<u>72,279</u>
Net program revenues (expenses)		<u>(335,785)</u>

General Revenues

Property taxes	352,780
Investment earnings	2,670

Other Financing Sources (Uses)

Operating transfer in - endowment fund	<u>1,929</u>
Total general revenues and transfers	<u>357,379</u>

Change in net assets	21,594
Net assets - beginning of the year	<u>785,454</u>
Net assets - end of the year	<u><u>\$ 807,048</u></u>

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

**Shiloh Public Cemetery District
Balance Sheet
Governmental Fund
June 30, 2010**

Assets

Cash and investments	\$ <u>350,456</u>
Total assets	\$ <u><u>350,456</u></u>

Liabilities and Fund Balance

Liabilities:

Vouchers payable	\$ 12,634
Deferred revenue	<u>38,320</u>
Total liabilities	<u>50,954</u>

Fund balance:

Unreserved	<u>299,502</u>
Total liabilities and fund balance	\$ <u><u>350,456</u></u>

Reconciliation of Balance Sheet to Statement of Net Assets

Fund balances - total governmental funds	\$ 299,502
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	528,906
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Compensated absences	<u>(21,360)</u>
Net assets of governmental activities	\$ <u><u>807,048</u></u>

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

**Shiloh Public Cemetery District
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2010**

Revenues	
Property taxes	\$ 352,780
Sales of grave plots	42,510
Use of money and property	2,670
Intergovernmental revenue	3,619
Charges for services	<u>26,150</u>
Total revenues	<u>427,729</u>
Expenditures	
Current:	
Salaries and employee benefits	280,161
Services and supplies	99,808
Capital outlay	<u>59,459</u>
Total expenditures	<u>439,428</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(11,699)</u>
Other Financing Sources (Uses)	
Operating transfer in - endowment fund	<u>1,929</u>
Total other financing sources (uses)	<u>1,929</u>
Net changes in fund balance	(9,770)
Fund balance - beginning	<u>309,272</u>
Fund balance - ending	<u>\$ 299,502</u>

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

**Shiloh Public Cemetery District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Fund
To the Statement of Activities
For the Fiscal Year Ended June 30, 2010**

**Amounts reported for governmental activities in the
statement of activities (page 8) are different because:**

Net change in fund balances - total governmental funds (page 10)	\$ (9,770)
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditure for capital assets	59,459
Current year depreciation	(27,256)
Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore is not reported as expenditures in governmental funds.	<u>(839)</u>
Change in net assets of governmental activities (page 7)	\$ <u><u>21,594</u></u>

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

Shiloh Public Cemetery District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Governmental Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 304,960	\$ 304,960	\$ 352,780	\$ 47,820
Miscellaneous revenue	53,500	53,500	42,510	(10,990)
Use of money and property	12,600	12,600	2,670	(9,930)
Intergovernmental revenue	3,600	3,600	3,619	19
Charges for services	23,000	23,000	26,150	3,150
Total revenues	397,660	397,660	427,729	30,069
Expenditures				
Current:				
Salaries and employee benefits	346,250	346,250	280,161	66,089
Services and supplies	255,440	255,440	99,808	155,632
Capital outlay	85,000	85,000	59,459	25,541
Appropriation for contingency	20,242	20,242	-	20,242
Total expenditures	706,932	706,932	439,428	267,504
Excess (deficiency) of revenues over (under) expenditures	(309,272)	(309,272)	(11,699)	297,573
Other Financing Sources (Uses)				
Operating transfer in - endowment fund	-	-	1,929	(1,929)
Total other financing sources (uses)	-	-	1,929	(1,929)
Net changes in fund balance	(309,272)	(309,272)	(9,770)	299,502
Fund balance - beginning	309,272	309,272	309,272	-
Fund balance - ending	\$ -	\$ -	\$ 299,502	\$ 299,502

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

**Shiloh Public Cemetery District
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010**

	<u>Endowment Care Fund</u>
Assets	
Cash and investments	\$ <u>221,802</u>
Total assets	<u>221,802</u>
 Net Assets	
Net assets held in trust for endowment care	\$ <u><u>221,802</u></u>

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

Shiloh Public Cemetery District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2010

		Endowment Care Fund
Additions:		
Use of money	\$	1,929
Endowment revenue		9,682
Total additions		11,611
Deductions:		
Operating transfer out		(1,929)
Change in net assets		9,682
Net assets - beginning		212,120
Net assets - ending	\$	221,802

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

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

The cemetery was incorporated into a Public Cemetery District (the District), by the voters within the District prior to June 1978. The District is governed by a Board of Trustees appointed by the Sonoma County Board of Supervisors to serve 4-year terms. Anyone who is a resident or taxpayer of the District, or a former resident or taxpayer and their families is entitled to burial or inurnment in the cemetery.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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 recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

method, revenues are recognized when measurable and available. Taxes, interest, and charges for services are accrued when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

The district reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the district reports the following fiduciary fund type:

The endowment care fund accounts for the assets of those who have purchased plots.

D. Assets, Liabilities, and Net Assets

1. Deposits and Investments

The District maintains its operating cash in accounts with the Sonoma County Treasurer, who acts as a disbursing agent. Consequently, the District benefits from the Treasurer's practice of pooling cash and investments of certain funds. Interest earned on these pooled investments is allocated and apportioned quarterly to the District, based on the average daily balance for each quarter.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

2. Payables

a. Accounts payable

Accounts payable include transactions in which the District has received goods and or services during the current year, but has not paid for them as of June 30th.

b. Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive or increases related to sales and construction) can rise at a maximum of 2% per year.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

3. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost or value in excess of \$5,000 and an expected service life exceeding 12 months. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements	10
Compressor	12
Tractors	10
Pick-up truck	5
Utility Vehicle	5

4. Compensated Absences

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Net Assets

Net assets are classified into two components – invested in capital assets and unrestricted. These classifications are defined as follows:

- Invested in capital assets – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “invested in capital assets”.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

7. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's budgetary information was not amended during the year.

III. Detailed Notes

A. Deposits and Investments

Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

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 is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool 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 maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2010, approximately 65 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 6 percent had a maturity of more than five years.

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 a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty 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 California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- 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 depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2010 Sonoma County CAFR.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

B. Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 224,250	\$ _____	\$ _____	\$ _____	\$ 224,250
Total capital assets not being depreciated	<u>224,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>224,250</u>
Capital assets being depreciated:					
Buildings and improvements	603,984	42,891			646,875
Equipment	<u>36,332</u>	<u>16,568</u>			<u>52,900</u>
Total capital assets being depreciated	<u>640,316</u>	<u>59,459</u>	<u>0</u>	<u>0</u>	<u>699,775</u>
Less accumulated depreciation for:					
Buildings and improvements	(340,245)	(25,237)			(365,482)
Equipment	<u>(27,618)</u>	<u>(2,019)</u>			<u>(29,637)</u>
Total accumulated depreciation	<u>(367,863)</u>	<u>(27,256)</u>	<u>0</u>	<u>0</u>	<u>(395,119)</u>
Total capital assets being depreciated, net	<u>272,453</u>	<u>32,203</u>	<u>0</u>	<u>0</u>	<u>304,656</u>
Capital assets, net	<u>\$ 496,703</u>	<u>\$ 32,203</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 528,906</u>

Depreciation expense was charged to functions/programs of Shiloh Public Cemetery District as follows:

Governmental activities:	
Burial services	\$ <u>27,256</u>

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

C. Long-Term Debt

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated absences	\$ 20,521	\$ 839	\$ -	\$ 21,360	\$ -
Total long-term liabilities	\$ 20,521	\$ 839	\$ -	\$ 21,360	\$ -

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

D. Deferred Revenue

The District collects money from customers who pay in advance for burial plots. Since the revenue is not used until the time of burial, it is deferred until that time at which it becomes recognized as current year revenue.

IV. Other Information

A. Risk Management

The District maintains a general liability insurance policy in addition to employees' benefits and professional liability coverage with Rural Special Districts Insurance Services. The District also maintains Workers' Compensation insurance with Preferred Employers Insurance Company.

B. Employee Retirement Plan (PERS)

Beginning on July 1, 2004 California Public Employees' Retirement System (PERS) required all participants with fewer than 100 employees to convert from an agent multiple-employer Defined Benefit Pension Plan to a cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employees and retirees of any employer.

**Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010**

Plan Description

All full-time employees participate in a cost-sharing multiple-employer Defined Benefit Pension Plan (DBPP) administered by the California Public Employees' Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and Resolution of the Board. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

DBPP members include all permanent full employees of a participating employer who have been appointed to a permanent position of at least half time. The plan provides benefits as defined by the law upon retirement, death, or disability of members.

Funding Policy

The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by contractual agreements. The individual entry age normal cost method is used to determine the normal cost. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age.

Plan members are required to contribute 7.00% of their annual covered salary. . During fiscal year 2009/2010 the District contributed all of the members' contribution. The District is required to contribute at an actuarially determined rate. The District's current rate for the fiscal year ended June 30, 2010 is 8.749% of covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS. Contributions to the DBPP for the fiscal years ended June 30, 2010, 2009 and 2008 were \$27,212, \$23,579, and \$22,004 respectively.

The three-year trend information for the Fund of the actuarially required combined plan member and District contribution is as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Miscellaneous Plan:			
June 30, 2008	\$ 22,004	100%	\$ -
June 30, 2009	\$ 23,579	100%	\$ -
June 30, 2010	\$ 27,212	100%	\$ -

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

Funded Status and Funding Progress of the Plan

As of June 30, 2010, based on CalPERS most recent actuarial report, the Miscellaneous Plan is 88.8% funded. The actuarial accrued liability for benefits was \$3,104,798,222, and the actuarial value of the asset was \$2,758,511,101, resulting in an unfunded liability of \$346,287,121. The covered payroll (annual payroll of active safety employees covered by the plan) was \$742,981,488, and the ratio of the unfunded liability to the covered payroll was 46.6%.

The Schedule of Funding Progress, presented as RSI, following the Notes to Financial Statements, presents three-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Assumptions and Methods

CalPERS use the rate stabilization methodologies in its actuarial valuations which have been shown to be very effective in mitigating rate volatility. A summary of principal assumptions and methods used by CalPERS to determine the District's annual required contributions to the Plan is shown below:

Valuation date	June 30, 2009	June 30, 2008	June 30, 2007
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Average remaining period	18 years as of the valuation date	16 years as of the valuation date	16 years as of the valuation date
Asset valuation method	15 year smoothed	15 year smoothed	15 year smoothed
Investment rate of return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected salary increases	3.55% to 14.45%	3.25% to 14.45%	3.25% to 14.45%
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

C. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

D. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Shiloh Public Cemetery District was \$28,350.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The Shiloh Public Cemetery District participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2010

E. New Accounting Pronouncements

Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, issued in February 2009. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASB Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

The impact on the basic financial statements of the County of these pronouncements which have been issued, but not yet adopted, is unknown at this time.

**Shiloh Public Cemetery District
Required Supplemental Information
June 30, 2010**

**Employees' Retirement Benefits
Schedules of Funding History**

Miscellaneous 2% at 55 Risk Pool:

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as a % of Payroll
June 30, 2007	\$ 2,611,746,790	\$ 2,391,434,447	\$ 220,312,343	91.6%	\$ 665,522,859	33.1%
June 30, 2008	\$ 2,780,280,768	\$ 2,547,323,278	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
June 30, 2009	\$ 3,104,798,222	\$ 2,758,511,101	\$ 346,287,121	88.9%	\$ 742,981,488	46.6%

**Shiloh Public Cemetery District
Roster of Board Members**

As of June 30, 2010, the Board of Trustees consisted of the following members:

<u>Trustees</u>	<u>Office</u>	<u>Term Expires</u>
Lin Branscomb	Chairperson	July, 2013
John Seay	Vice Chairperson	July, 2011
Fritz Betschart		July, 2013
Lee Dysart		July, 2011
Patricia Foster		July, 2013

Clerk of the Board

Debbie Wallace	N/A
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Regular Meetings:

The regular meeting of the Board of Trustees is held at 9:00 A.M. on the second Wednesday of each month at the cemetery office located at the intersection of Shiloh Road and Windsor Road at 7130 Windsor Road, Windsor, California, 95492, phone (707) 838-6684.