

SHILOH PUBLIC CEMETERY DISTRICT

**ANNUAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

SHILOH PUBLIC CEMETERY DISTRICT

**Annual Report
For the Fiscal Year Ended
June 30, 2008**

TABLE OF CONTENTS

	<u>Page</u>
Auditor-Controller's Report	
Management's Discussion and Analysis	1 - 6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund.....	12
Statement of Fiduciary Net Assets – Fiduciary Fund	13
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	14
Notes to the Basic Financial Statements	15 - 27
Required Supplementary Information	28
Roster of Board Members	29

RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

Board of Directors
Shiloh Public Cemetery District
7130 Windsor Road
Windsor, CA 95492

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, 2008, 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, 2008, 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

April 7, 2009

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, 2008. 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 \$683,220 (net assets). Of this amount, \$281,925 (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 \$134,877. 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 \$299,914, an increase of \$1,457, 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 \$299,914 or 66% of the total general fund expenditures of \$452,727.

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 \$683,220 at the close of the most recent fiscal year.

A large portion of the District's net assets (59 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, 2008			
		<u>2008</u>	<u>2007</u>
Current and other assets	\$	338,896	\$ 344,287
Capital assets		<u>401,295</u>	<u>263,477</u>
Total assets		740,191	607,764
Long-term liabilities outstanding		17,989	13,591
Other liabilities outstanding		<u>38,983</u>	<u>45,831</u>
Total liabilities		56,972	59,422
Net assets:			
Invested in capital assets, net of related debt		401,295	263,477
Unrestricted		<u>281,925</u>	<u>284,866</u>
Total net assets	\$	<u><u>683,220</u></u>	\$ <u><u>548,343</u></u>

The balance of unrestricted net assets (\$281,925) 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 \$134,877. This increase is a result of revenues exceeding expenses in the governmental activities.

**Changes in Net Assets
For the Fiscal Year Ended June 30, 2008**

Revenues:		
Program Revenues:	2008	2007
Burial services	\$ 79,353	\$ 62,804
General Revenues:		
Property taxes	353,654	329,035
Investment income and other	12,759	13,057
Total revenues	445,766	404,896
Expenses:		
Burial services	319,307	300,251
Increase in net assets before transfers	126,459	104,645
Transfers	8,418	8,756
Increase in net assets	134,877	113,401
Net assets - beginning of the year	548,343	434,942
Net assets - end of the year	\$ 683,220	548,343

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 \$299,914, an increase of \$1,457 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 \$299,914, which equals the total general fund balance. For the same time period, total general fund expenditures were \$452,727. 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 66% of total general fund expenditures. The total fund balance equals the unreserved fund balance.

General Fund Budgetary Highlights

Material differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$39,750 increase in property tax revenue due to anticipated increased tax receipts.
- \$5,200 increase in use of money revenue due to projected rise in interest rate revenue.
- \$20,000 increase in salaries and benefits expenditures due primarily to cost of living raises.
- \$97,392 increase in capital outlay due to anticipated construction of new office building.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets, as of June 30, 2008, amounts to \$401,295 (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 \$137,819.

Capital assets increased by \$140,685 during the current fiscal year due to completion of a buildings and improvements project adding curbs and pavement to the old section of the cemetery.

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 \$17,989 in compensated absences.

Economic Factors and Next Year's Budgets and Rates

- On December 12, 2007, the board approved a cost of living increase of 3.3 % for employees.
- Increase in property tax revenues.

All of these factors were considered in preparing the District's budget for the fiscal year ending June 30, 2009.

During the current fiscal year, unreserved fund balance in the general fund increased to \$299,914. The District has appropriated \$299,914 of this amount for spending in the 2008/09 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, 2008

Assets	
Cash and investments	\$ 338,896
Capital assets (net of accumulated depreciation):	
Non-depreciable	224,250
Depreciable	177,045
	740,191
Total assets	740,191
 Liabilities	
Deferred revenue	38,983
Non-current liabilities:	
Due in more than one year	17,989
	56,972
Total liabilities	56,972
 Net Assets	
Invested in capital assets, net of related debt	401,295
Unrestricted, undesignated	281,925
	683,220
Total net assets	\$ <u><u>683,220</u></u>

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

SHILOH PUBLIC CEMETERY DISTRICT
Statement of Activities
June 30, 2008

Program Expenses

Burial services		
Salaries and employee benefits	\$	224,817
Services and supplies		91,624
Fixed Assets		0
Depreciation		<u>2,866</u>
Total program expenses		319,307

Program Revenues

Charges for services		
Sales of grave plots		48,154
Intergovernmental		3,702
Other charges for services		<u>27,497</u>
Total charges for services		<u>79,353</u>
Total program revenues		<u>79,353</u>
Net program revenues (expenses)		(239,954)

General Revenues

Property taxes	353,654
Investment earnings	12,759

Other Financing Sources (Uses)

Operating transfer in - endowment fund	<u>8,418</u>
Total general revenues and transfers	<u>374,831</u>

Change in net assets	134,877
Net assets - beginning of the year	<u>548,343</u>
Net assets - end of the year	<u>\$ 683,220</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, 2008

Assets	
Cash and investments	\$ <u>338,896</u>
Total assets	\$ <u><u>338,896</u></u>
 Liabilities and Fund Balance	
Liabilities:	
Deferred revenue	<u>38,983</u>
Total liabilities	38,983
 Fund balance:	
Unreserved	<u>299,914</u>
Total liabilities and fund balance	\$ <u><u>338,897</u></u>
 Reconciliation of Balance Sheet to Statement of Net Assets	
Fund balances - total governmental funds	\$ 299,914
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	401,295
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Compensated absences	<u>(17,989)</u>
Net assets of governmental activities	\$ <u><u>683,220</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, 2008

Revenues	
Property taxes	\$ 353,654
Sales of grave plots	48,154
Use of money and property	12,759
Intergovernmental revenue	3,702
Charges for services	<u>27,497</u>
Total revenues	445,766
Expenditures	
Current:	
Salaries and employee benefits	220,418
Services and supplies	91,624
Capital outlay	<u>140,685</u>
Total expenditures	<u>452,727</u>
Excess (deficiency) of revenue over (under) expenditures	(6,961)
Other Financing Sources (Uses)	
Operating transfer in - endowment fund	<u>8,418</u>
Total other financing sources (uses)	<u>8,418</u>
Net changes in fund balance	1,457
Fund balance - beginning	<u>298,457</u>
Fund balance - ending	<u>\$ 299,914</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, 2008

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)	\$	1,457
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		140,685
Current year depreciation		(2,866)
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>(4,399)</u>
Change in net assets of governmental activities (page 8)	\$	<u><u>134,877</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 287,710	\$ 327,460	\$ 353,654	\$ 26,194
Miscellaneous revenue	34,700	33,700	48,154	14,454
Use of money and property	12,900	18,100	12,759	(5,341)
Intergovernmental revenue	3,500	3,500	3,702	202
Charges for services	17,500	21,000	27,497	6,497
Total revenues	356,310	403,760	445,766	42,006
Expenditures				
Current:				
Salaries and employee benefits	272,700	292,700	220,418	72,282
Services and supplies	187,440	187,440	91,624	95,816
Capital outlay	124,685	222,077	140,685	81,392
Total expenditures	584,825	702,217	452,727	249,490
Excess (deficiency) of revenues over (under) expenditures	(228,515)	(298,457)	(6,961)	291,496
Other Financing Sources (Uses)				
Operating transfer in - endowment fund	-	-	8,418	(8,418)
Total other financing sources (uses)	-	-	8,418	(8,418)
Net changes in fund balance	(228,515)	(298,457)	1,457	299,914
Fund balance - beginning	298,457	298,457	298,457	-
Fund balance - ending	\$ 69,942	\$ -	\$ 299,914	\$ 299,914

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, 2008

	Endowment Care Fund
Assets	
Cash and investments	\$ <u>200,413</u>
Total assets	<u>200,413</u>
 Net Assets	
Net assets reserved for endowment care	\$ <u><u>200,413</u></u>

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

SHILOH PUBLIC CEMETERY DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

		Endowment Care Fund
Additions:		
Use of money	\$	8,418
Endowment revenue		7,565
Total additions		15,983
Change in net assets prior to operating transfer		15,983
Operating transfer out		(8,418)
Change in net assets		7,565
Net assets - beginning		192,848
Net assets - ending	\$	200,413

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, 2008

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, 2008

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, 2008

2. Receivables and Payables

a. 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, individual cost of more than \$5,000. 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.

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.

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

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

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”.

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

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.

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.

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

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, 2008, approximately 63 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 4 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.

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.

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

➤ 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 2008 Sonoma County CAFR.

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

B. Capital assets

Capital asset activity for the year ended June 30, 2008 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	357,604	140,685			498,289
Equipment	<u>29,684</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>29,684</u>
Total capital assets being depreciated	<u>387,288</u>	<u>140,685</u>	<u>0</u>	<u>0</u>	<u>527,973</u>
Less accumulated depreciation for:					
Buildings and improvements	(321,822)	(2,177)			(323,999)
Equipment	<u>(26,240)</u>	<u>(689)</u>	<u>_____</u>	<u>_____</u>	<u>(26,929)</u>
Total accumulated depreciation	<u>(348,062)</u>	<u>(2,866)</u>	<u>0</u>	<u>0</u>	<u>(350,928)</u>
Total capital assets being depreciated, net	<u>39,226</u>	<u>137,819</u>	<u>0</u>	<u>0</u>	<u>177,045</u>
Capital assets, net	<u>\$ 263,476</u>	<u>\$ 137,819</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 401,295</u>

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

Governmental activities:	
Burial services	\$ <u>2,866</u>

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

C. Long-Term Debt

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Retirements	Net Change	Ending Balance	Due Within One Year
Compensated absences	\$ 13,592	\$ 4,397	\$ -	\$ 4,397	\$ 17,989	\$ -
Total long-term liability	\$ 13,592	\$ 4,397	\$ -	\$ 4,397	\$ 17,989	\$ -

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

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 Plans

1. Simplified Employee Pension (SEP)

The District participates in a defined contribution plan administered by the Redwood Credit Union. Plan provisions are established or amended by approval of the District's Board of Trustees. Neither the District nor the employees exercised their options to make an annual contribution for calendar year 2007.

The plan includes 2 participants comprised of employees who have served at least two years with the District. Participants were vested at inception of plan participation and are entitled to 100% of vested contributions. The plan is a simplified employee pension, or SEP, qualified under section 408(k) of the Internal Revenue Code.

2. Employees' 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, 2008

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. The District is required to contribute at an actuarially determined rate. The District's current rate for the fiscal year ended June 30, 2008 is 7.836% 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, 2008, 2007 and 2006 were \$22,004, \$20,752, and \$19,466 respectively.

The three-year trend information for the Fund of the actuarially required employer contribution is as follows:

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed (%)	Net Pension Obligation
Miscellaneous Plan:				
	June 30, 2006	\$ 19,466	100%	\$ -
	June 30, 2007	\$ 20,752	100%	\$ -
	June 30, 2008	\$ 22,004	100%	\$ -

SHILOH PUBLIC CEMETERY DISTRICT
Notes to the Basic Financial Statements
June 30, 2008

Funded Status and Funding Progress of the Plan

As of June 30, 2007, based on CalPERS most recent actuarial report, the Miscellaneous Plan is 91.6% funded. The actuarial accrued liability for benefits was \$2,611,746,790, and the actuarial value of the asset was \$2,391,434,447, resulting in an unfunded liability of \$220,312,343. The covered payroll (annual payroll of active safety employees covered by the plan) was \$665,522,859, and the ratio of the unfunded liability to the covered payroll was 33.1%.

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, 2007	June 30, 2006	June 30, 2005
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	16 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 market	15 year smoothed market	15 year smoothed market
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	3.25% to 14.45% depending	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, 2008

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.

SHILOH PUBLIC CEMETERY DISTRICT
Required Supplemental Information
June 30, 2008

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, 2005	\$2,891,460,651	\$ 2,588,713,000	\$302,747,651	89.5%	\$ 755,046,679	40.1%
June 30, 2006	\$2,754,396,608	\$ 2,492,226,176	\$262,170,432	90.5%	\$ 699,897,835	37.5%
June 30, 2007	\$2,611,746,790	\$ 2,391,434,447	\$220,312,343	91.6%	\$ 665,522,859	33.1%

**SHILOH PUBLIC CEMETERY DISTRICT
Roster of Board Members**

As of April 7, 2009, the Board of Trustees consisted of the following members:

<u>Trustees</u>	<u>Office</u>	<u>Term Expires</u>
Lee Dysart	Chairperson	July, 2011
John Seay	Vice Chairperson	July, 2011
Fritz Betschart		July, 2009
John Bertozzi		July, 2010
Lin Branscomb		July, 2009

Clerk of the Board

Debbie Wallace N/A

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 in Windsor, California. (707) 838-6684.