

Shiloh Public Cemetery District Annual Report

For the Fiscal Year Ended
June 30, 2017

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Shiloh Public Cemetery District

For the Fiscal Year Ended June 30, 2017

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

Report on the Financial Statements

We were engaged to audit the accompanying government wide financial statements, fund financial statements, and the related notes to the financial statements of the Shiloh Public Cemetery District (the District), as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements.

Basis for Disclaimer of Opinion

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. In Sonoma County, the Auditor-Controller and Treasurer-Tax Collector (ACTTC) positions are combined. The District's cash is pooled with the Sonoma County ACTTC, who acts as a disbursing agent for the District. The Accounting Division within the ACTTC maintains internal controls over the financial accounting management information system, and processes

transactions that have been approved by the District. The Accounting Division processes County checks for expenditures approved by the District, these checks are signed by the Auditor-Controller - Treasurer-Tax Collector. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants Code of Professional Conduct, which cannot be mitigated. Internal Audit, a Division of the ACTTC Office, which has no other responsibility for the accounts and records being audited, performed this audit. The significance to which this departure affects assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the District has not been determined.

Disclaimer of Opinion

Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), beginning on page 1, and required supplementary information, beginning on page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sonoma County Auditor-Controller

Sonoma County Auditor-Controller

June 15, 2018

Management's Discussion and Analysis

As management of the District we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. 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 current fiscal year ended June 30, 2017, by \$923,882 (net position). Of this amount, \$489,781 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$76,949.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$565,023, an increase of \$125,268, in comparison with the prior year. All of this ending fund balance is available for spending at the government's discretion (unassigned fund balance).
- At the end of the year, unassigned fund balance for the general fund was \$565,023 or 129.5% of the total general fund expenditures of \$436,348.

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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$923,882 at the close of the current fiscal year.

Just under half of the District's net position (47%) 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.

**Summary of Net Position
As of June 30**

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 662,099	\$ 566,950
Capital assets	<u>434,101</u>	<u>478,173</u>
Total assets	<u>1,096,200</u>	<u>1,045,123</u>
Deferred outflow of resources related to pensions	<u>43,632</u>	<u>62,986</u>
Other liabilities outstanding	97,076	127,195
Long-term liabilities outstanding	<u>118,388</u>	<u>73,548</u>
Total liabilities	<u>215,464</u>	<u>200,743</u>
Deferred inflow of resources related to pensions	<u>486</u>	<u>60,433</u>
Net position:		
Net investment in capital assets	434,101	478,173
Unrestricted, undesignated	<u>489,781</u>	<u>368,760</u>
Total net position	<u>\$ 923,882</u>	<u>\$ 846,933</u>

The balance of unrestricted, undesignated net position \$489,781 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 position. The same held true for the prior fiscal year.

Governmental activities. Governmental activities increased the District's net position by \$76,949.

**Changes in Net Position
For the Fiscal Year Ended June 30**

	2017	2016
Revenues:		
Program Revenues:		
Burial services	\$ 124,527	\$ 83,790
General Revenues:		
Property taxes	431,265	408,812
Investment earnings	6,137	4,331
Net gain (loss) in fair market value of cash investments	(3,377)	(738)
Total revenues	558,552	496,195
 Expenses:		
Burial services	484,667	453,095
 Increase (decrease) in net position before transfers	73,885	43,100
 Other Financing Sources (Uses):		
Transfers	3,064	2,160
Increase (decrease) in net position	76,949	45,260
Net position - beginning of the year	846,933	801,673
 Net position - end of the year	\$ 923,882	\$ 846,933

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, unassigned 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 balance of \$565,023, an increase of \$125,268 in comparison with the prior year. The entire total amount constitutes unassigned 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, unassigned fund balance of the general fund was \$565,023, which equals the total general fund balance. For the same time period, total general fund expenditures were \$436,348. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 129.5% of total general fund expenditures. The total fund balance equals the unassigned 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, 2017, amounts to \$434,101 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$44,072.

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 \$9,320 in compensated absences and \$109,068 in net pension obligations.

Economic Factors and Next Year's Budgets and Rates

- A cost of living increase of 3.7% for employees was approved on July 19, 2017, effective July 1, 2017.
- Employee benefit costs are anticipated to continue to rise for FY 2017/2018.
- District Manager, Leslie Jones will be leaving the District on September 19, 2017. Her replacement will be Victor Kunkel, Jr. This may increase payroll and benefits for a short period of time.
- Minimal or no increase in property tax, real property sales are projected for FY 2017/2018.
- Minimal or no increase in taxable sales revenues are projected for FY 2017/2018.

All of these factors were considered in preparing the District's budget for the fiscal year ending June 30, 2018.

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 Shiloh Cemetery District, 7130 Windsor Road, Windsor, CA 95492.

Shiloh Public Cemetery District
Statement of Net Position
As of June 30, 2017

Assets	
Cash and investments	\$ 658,189
Cash with fiscal agent	3,910
Capital assets (net of accumulated depreciation):	
Non-depreciable	224,250
Depreciable	<u>209,851</u>
Total assets	<u>1,096,200</u>
Deferred outflow of resources related to pensions	<u>43,632</u>
Liabilities	
Accounts payable	5,340
Unearned revenue	91,736
Non-current liabilities:	
Net pension liability	109,068
Compensated absences	<u>9,320</u>
Total liabilities	<u>215,464</u>
Deferred inflow of resources related to pensions	<u>486</u>
Net Position	
Net investment in capital assets	434,101
Unrestricted, undesignated	<u>489,781</u>
Total net position	<u><u>\$ 923,882</u></u>

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

Shiloh Public Cemetery District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Program Expenses

Burial services	
Salaries and employee benefits	\$ 324,997
Services and supplies	109,726
Depreciation	49,944
	<hr/>
Total program expenses	484,667
	<hr/>

Program Revenues

Charges for services	
Sales of grave plots	98,977
Intergovernmental	3,204
Other charges for services	22,346
	<hr/>
Total program revenues	124,527
	<hr/>
Net program revenues (expenses)	(360,140)
	<hr/>

General Revenues

Property taxes	431,265
Investment earnings	6,137
Net loss in fair market value of cash and investments	(3,377)

Other Financing Sources (Uses)

Operating transfer in - endowment fund	3,064
	<hr/>
Total general revenues and transfers	437,089
	<hr/>
Change in net position	76,949
Net position - beginning of the year	846,933
	<hr/>
Net position - end of the year	\$ 923,882
	<hr/> <hr/>

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

Shiloh Public Cemetery District
Balance Sheet
Governmental Fund
June 30, 2017

Assets

Cash and investments	\$ 658,189
Cash with fiscal agent	<u>3,910</u>
Total assets	<u><u>\$ 662,099</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 5,340
Unearned revenue	<u>91,736</u>
Total liabilities	<u>97,076</u>

Fund balance:

Unassigned	<u>565,023</u>
Total liabilities and fund balance	<u><u>\$ 662,099</u></u>

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

Shiloh Public Cemetery District
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Fund
As of June 30, 2017

Fund balance - total governmental fund	\$	565,023
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		434,101
Certain amounts are not available to pay current period expenditures and therefore are deferred outflows of resources in the governmental funds		43,632
Certain amounts are not available to pay current period expenditures and therefore are deferred inflows of resources in the governmental funds		(486)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Compensated absences		(9,320)
Net pension obligations		(109,068)
Net position of governmental activities	\$	923,882

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, 2017**

Revenues

Property taxes	\$	431,265
Sales of grave plots		98,977
Investment earnings		6,137
Net loss in fair market value of cash and investments		(3,377)
Intergovernmental revenue		3,204
Charges for services		22,346
		558,552
Total revenues		558,552

Expenditures

Current:		
Salaries and employee benefits		320,749
Services and supplies		109,726
Capital outlay		5,873
		436,348
Total expenditures		436,348

Excess (deficiency) of revenue over (under) expenditures		122,204
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Other Financing Sources (Uses)

Operating transfer in - endowment fund		3,064
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Net changes in fund balance		125,268
Fund balance - beginning of the year		439,755
Fund balance - end of the year	\$	565,023

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, 2017**

**Amounts reported for governmental activities in the
statement of activities (page 7) are different because:**

Net change in fund balance - total governmental fund (page 10)	\$	125,268
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		5,873
Current year depreciation		(49,944)
Change in deferred inflows and deferred outflow of resources reported in the statement of net position		40,592
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		(3,097)
Change in net pension liability		(41,743)
		76,949
Change in net position of governmental activities (page 7)	\$	76,949

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Property taxes	\$ 355,783	\$ 355,783	\$ 431,265	\$ 75,482
Sales of grave plots	60,500	60,500	98,977	38,477
Investment earnings	3,100	3,100	6,137	3,037
Net loss in fair market value of cash and investments	-	-	(3,377)	(3,377)
Intergovernmental revenue	3,270	3,270	3,204	(66)
Charges for services	32,000	32,000	22,346	(9,654)
Total revenues	454,653	454,653	558,552	103,899
Expenditures				
Current:				
Salaries and employee benefits	365,550	365,550	320,749	44,801
Services and supplies	158,809	154,808	109,726	45,082
Capital outlay	25,000	25,000	5,873	19,127
Total expenditures	549,359	545,358	436,348	109,010
Excess (deficiency) of revenues over (under) expenditures	(94,706)	(90,705)	122,204	212,909
Other Financing Sources (Uses)				
Operating transfer in - endowment fund	-	-	3,064	3,064
Net change in fund balance, budgetary and GAAP basis	\$ (94,706)	\$ (90,705)	\$ 125,268	\$ 215,973

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

**Shiloh Public Cemetery District
Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2017**

	Endowment Care Fund
Assets	
Cash and investments	\$ <u>308,491</u>
Total assets	<u>308,491</u>
 Net Position	
Net position held in trust for endowment care	\$ <u><u>308,491</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 Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

		Endowment Care Fund
Additions:		
Investment earnings	\$	1,410
Endowment revenue		18,940
		20,350
Deductions:		
Operating transfer out		3,064
		17,286
Change in net position		17,286
Net position - beginning		291,205
		291,205
Net position - ending	\$	308,491

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, 2017

I. Summary of Significant Accounting Policies

A. Reporting Entity

The cemetery was incorporated into 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. Current or former residents or taxpayers of the District, and their families are entitled to burial or inurnment in the cemetery.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net position 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 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.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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 Position

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.

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.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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 of 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.

c. Unearned revenues

Unearned revenues are resource inflows which do not yet meet the criteria for revenue recognition. Unearned charges for services, such as charges by the District for burial services, are always reported as unearned revenues.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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.

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 Position

Net position is classified into three components - 1) net investment in capital assets, 2) restricted (if any), and 3) unrestricted. These components are defined as follows:

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

- Net investment in capital assets - This component of net position groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by outstanding debt related to the acquisition, construction or improvement of these assets.
- Restricted net position - This component consists of external constraints or restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component represents the net position of the entity, not restricted for any project or other purpose.

6. Fund Balance

In the fund financial statements, governmental funds report fund balance using the classifications listed in *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. Initial distinction is made in reporting fund balance information identifying amounts that are considered non-spendable, such as fund balance associated with inventories. Spendable fund balance for the governmental fund consists of the following classifications:

- a. *Restricted Fund Balance* – the portion of fund balance that can only be spent for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- b. *Committed Fund Balance* – the portion of fund balance whose use is subject to formal action of the Board of Trustees (the Board), the government’s highest level decision making authority. These commitments remain binding unless changed or removed by formal action of the Board as the formal authority that imposed the constraint. The underlying action that imposed, modified, or removed the limitation would need to occur no later than the close of the reporting period.
- c. *Assigned* – the portion of fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- d. *Unassigned* – the residual amount of all general fund spendable resources not contained in the other classifications.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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.

E. Current Governmental Accounting Standards Board (GASB) Statements

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this statement are effective for the County’s fiscal year ending June 30, 2016.

F. Future Government Accounting Standards Board (GASB) Pronouncements

The District is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this statement should be applied simultaneously with the provisions of Statement No. 68. The provisions of this statement are effective for the County’s fiscal year ending June 30, 2017 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 30, 2017. Management has not determined the effect of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this statement are effective for the County’s fiscal year ending June 30, 2017. Management has not determined the effect of this statement.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement are effective for the County's fiscal year ending June 30, 2018. Management has not determined the effect of this statement.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide transparency in financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. The provisions of this statement are effective for the County's fiscal year ending June 30, 2017. Management has determined that this statement does not impact the District's financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address certain pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of this statement are effective for the fiscal year ending June 30, 2017.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement became effective in fiscal year ending June 30, 2016 while others become effective in fiscal year ending June 30, 2017. The District did not have any circumstances applicable during fiscal year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions of this Statement are effective for the County's fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement are effective for the County's fiscal year ending June 30, 2018.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measure in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

The District follows the County's practice of pooling cash and investments of all funds with the County Treasurer, except for funds held by Exchange Bank (for the purpose of payroll remittances) and cash on hand used as a petty cash fund. Deposits with Exchange Bank are FDIC insured up to \$250,000.

Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Health and Safety Code 13854 (a) the District's cash is pooled with the Sonoma County ACTTC, 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 requires an annual audit to ensure the County's Investment Portfolio is in compliance with its policy and California Government Code Section 53601.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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, Suite 100, Santa Rosa, California, 95403.

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, 2017, approximately 37 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, less than 1 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

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

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 state 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 2017 Sonoma County Comprehensive Annual Financial Report.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

B. Capital assets

Capital asset activity for the year ended June 30, 2017 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>-</u>	<u>-</u>	<u>-</u>	<u>224,250</u>
Capital assets being depreciated:					
Buildings and improvements	752,028	-	-	-	752,028
Equipment	<u>126,229</u>	<u>5,873</u>	<u>-</u>	<u>-</u>	<u>132,102</u>
Total capital assets being depreciated	<u>878,257</u>	<u>5,873</u>	<u>-</u>	<u>-</u>	<u>884,130</u>
Less accumulated depreciation for:					
Buildings and improvements	(561,066)	(39,715)	-	-	(600,781)
Equipment	<u>(63,269)</u>	<u>(10,229)</u>	<u>-</u>	<u>-</u>	<u>(73,498)</u>
Total accumulated depreciation	<u>(624,335)</u>	<u>(49,944)</u>	<u>-</u>	<u>-</u>	<u>(674,279)</u>
Total capital assets being depreciated, net	<u>253,922</u>	<u>(44,071)</u>	<u>-</u>	<u>-</u>	<u>209,851</u>
Capital assets, net	<u>\$ 478,172</u>	<u>\$ (44,071)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,101</u>

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

Governmental activities:

Burial services \$ 49,944

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

C. Long-Term Debt

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated absences	\$ 6,223	\$ 3,097	\$ -	\$ 9,320	\$ -
Net pension liability	<u>67,325</u>	<u>41,743</u>	<u>-</u>	<u>109,068</u>	<u>-</u>
Total long-term liabilities	<u>\$ 73,548</u>	<u>\$ 44,840</u>	<u>\$ -</u>	<u>\$ 118,388</u>	<u>\$ -</u>

D. Unearned Revenue

The District collects money from customers who pay in advance for burial services and burial products. The money collected prior to the District providing burial services and burial products is recorded as unearned revenue. The District recognizes revenue in the period burial services and burial products are provided.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

IV. Other Information

A. Risk Management

The District maintains workers' compensation, general liability, property and automobile insurance coverage with Golden State Risk Management Authority.

B. Defined Benefit Pension Plan

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Shiloh Public Cemetery District. The Shiloh Public Cemetery District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Shiloh Public Cemetery District does not have any rate plans in the safety risk pool.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

**Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017**

Employer Rate Plans in the Miscellaneous Risk Pool

Employer rate plan	Miscellaneous	PEPRA Misc.
Hire Date	Prior to January 01, 2013	On or after January 01, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as of % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.89%	6.25%
Required employer contribution rates	8.38%	6.53%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Shiloh Public Cemetery District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Shiloh Public Cemetery District's required employer contributions to the risk pools in the Plan for the year ended June 30, 2017, were \$14,144, which amounts to 7% of covered payroll for employees in that plan. In addition the District contributed \$9,591, the required employee contributions for the Miscellaneous plan.

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

As of June 30, 2017, Shiloh Public Cemetery District reported \$109,068 net pension liability for its proportionate share of the Miscellaneous risk pool net pension liability.

The Shiloh Public Cemetery District's net pension liability is measured as the proportionate share of the Miscellaneous risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Shiloh Public Cemetery District's proportionate share of the net pension liability as of June 30, 2015, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2015. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Shiloh Public Cemetery District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Shiloh Public Cemetery District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Shiloh Public Cemetery District's proportionate share of the net pension liability as of June 30, 2016, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2016, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2016, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.
- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016, was calculated by applying Shiloh Public Cemetery District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2016, to obtain the total pension liability and fiduciary net position as of June 30, 2016. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

The Shiloh Public Cemetery District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2015, and June 30, 2016, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date – June 30, 2015	0.0025%
Proportion at measurement date – June 30, 2016	0.0031%
Change – increase (decrease)	<u>0.0006%</u>

For the year ended June 30, 2017, the Shiloh Public Cemetery District recognized pension expense of \$28,591. At June 30, 2017, the Shiloh Public Cemetery District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ (106)
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	22,999	-
Adjustment due to Differences in Proportions	-	(380)
Differences between Actual and Required Contributions	6,489	-
Contributions after Measurement Date	14,144	-
Total	\$ 43,632	\$ (486)

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date	Deferred Outflows/(Inflows) of Resources
June 30:	
2017	\$ 2,763
2018	2,761
2019	17,282
2020	6,196
2021	-
2022	-
Total	\$ 29,002

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase ⁽¹⁾	Varies By Age & Length of Service
Investment Rate of Return ⁽²⁾	7.50%
Mortality Rate Table ⁽³⁾	Derived Using CalPERS' Membership Data

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of Pension Plan Investment and Administrative Expenses; includes Inflation

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

⁽³⁾ The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2016 based on June 30, 2015 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected

Shiloh Public Cemetery District
Notes to the Basic Financial Statements
June 30, 2017

rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10^(a)	Real Return Years 11+^(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	1.00	(0.55)	(1.05)

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

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

Sensitivity of the Shiloh Public Cemetery District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Shiloh Public Cemetery District's proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the Shiloh Public Cemetery District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Shiloh Public Cemetery District's proportionate share of the Miscellaneous Risk Pool's net pension liability	\$ 182,725	\$ 109,068	\$ 48,194

**Shiloh Public Cemetery District
Required Supplementary Information
June 30, 2017**

**Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Years***

Miscellaneous Plan	Measurement Date <u>June 30, 2014</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.001296%	0.002454%	0.003140%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$80,632	\$67,325	\$109,068
Plan's Covered-Employee Payroll**	\$165,468	\$228,172	\$190,666
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	48.73%	29.51%	57.20%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.35%	79.89%	80.06%

Notes to Schedule:

Changes of benefit terms – In 2017, there were no changes to the benefit terms.

Changes in assumptions – In 2017, there were no changes in assumptions.

* Fiscal Year 2015 was the first year of implementation, therefore only 3 years are shown.

** Valuation year payroll increased by assumed 3% increase.

**Shiloh Public Cemetery District
Required Supplementary Information
June 30, 2017**

**Schedule of Contributions
Last Ten Years***

Miscellaneous Plan	Measurement Date June 30, 2014	Measurement Date June 30, 2015	Measurement Date June, 30 2016
Actuarially Determined Contributions	\$ 23,304	\$ 25,205	\$ 14,417
Actual Contributions During the Measurement Period	(23,304)	(25,205)	(14,417)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 165,468	\$ 228,172	\$ 190,666
Contributions as a Percentage of Covered-Employee Payroll	14.08%	11.05%	7.56%

Notes to Schedule:

Contribution Valuation Date: June 30, 2012 June 30, 2013 June 30, 2014

* Fiscal Year 2015 was the first year of implementation, therefore only 3 years are shown.

**Shiloh Public Cemetery District
Roster of Board Members
June 30, 2017**

As of June 15, 2018, the Board of Trustees consisted of the following members:

<u>Trustees</u>	<u>Office</u>	<u>Term Expires</u>
Richard Fuller.....	Chairperson	July, 2021
Lawrence Stimach.....	Vice Chairperson	March, 2020
Archie Eckles		May, 2021
Lewis Meyers.....		May, 2021
Ann Pitts.....		February, 2022

Clerk of the Board

Victor Kunkel N/A

Regular Meetings:

The regular meeting of the Board of Trustees is held at 9:00 A.M. on the third 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.