



KERN COUNTY CEMETERY DISTRICT

2020-2021 Budget

Fiscal Budget

Budget Approved
7-28-2020

THE CEMETERY DISTRICT

The Public Cemetery District No.1 of Kern County or Kern County Cemetery District is a cemetery that has been chosen as the final resting place for Shafter and Wasco residents and their loved ones. The Shafter Memorial Park was opened in 1923 and the Wasco Memorial Park was opened in 1948 and are the only cemeteries in each area.

The Shafter Memorial Park was opened as a private cemetery on December 29, 1923 with our first burial of Arlene Mae Guenther. The Wasco Memorial Park opened in 1948 with the burial of Archie Beckes, Jr. who was Postmaster for the community and a veteran of the Spanish-American War. The Shafter cemetery became a Public Cemetery District by a vote of both the Shafter and the Wasco communities in 1928 which set the district boundaries. In 1978, the boundaries were expanded to include Rosedale, Buttonwillow and Lost Hills, but due to legal complications in Sacramento the property tax has never been received by the cemetery district. The district receives property tax for its original boundary area, but we continue to include residents of the expanded boundary as district residents.

The Kern County Cemetery District is an independent special district with an appointed Board of Trustees who serve four-year terms. The District originally encompassed the Shafter and the Wasco Communities and has grown to include the Buttonwillow, Rosedale and Lost Hills areas. As Bakersfield has grown, we are seeing less inclusion of the new families who are purchasing homes in Rosedale, but we still see a relationship with the older farming families. This may be attributed to changes in ownership dynamics as well as the fact that the Rosedale area does not pay into the District the property tax that is a connection with our closer communities.

The City of Shafter has created a new community of Gossamer Grove at 7th Standard and Calloway Roads. This area has grown rapidly, but it has not connected with the cemetery. They pay property tax and are residents, but many who live there look to Bakersfield for their purchases and needs. It is expected that with time those residents will connect with Shafter and as they do, we will be ready to meet their burial needs.

The District cemeteries are 'Endowment Care' cemeteries. This means that the District collects an endowment fee for each interment space or niche purchased. This fee is placed in an investment fund to generate interest strictly for future care and maintenance of the grounds.

VISION and GOALS

To meet the needs of our public by providing and maintaining a superior and affordable burial.

The purpose of the District is to give to our residents a final resting place for their loved ones. This is to be done at an affordable price by minimizing burial costs with a property tax.

KERN COUNTY CEMETERY DISTRICT

2019-2020 FISCAL YEAR BUDGET

District Staff is presenting a final review of Fiscal Year 2020-2021 Proposed Budget. This budget is a balanced budget which will fund capital projects for this fiscal year but will not be generating revenue for capital development projects in future years.

No additional full or part time staff are requested to be added in this budget. It is felt that with our current staffing we will be able to maintain the same quality service to the district residents.

What this budget is projecting to provide is shown in the objectives as outlined.

- Provide interment services and maintain the cemeteries for the community's benefit
- Maintain a staffing level which provides quality service to the community
- Continue to review and adjust District fees based on market changes and inflation
- Continue development of new burial acreage.

In the development of the attached budget support documents, staff used key assumptions to compile and complete the proposed revenue and expenditures. A list of assumptions and explanations are provided in each budget summary page which includes at-need sales and service data, resale of outer burial containers, salary and benefit costs, expenses as well as operational and capital project funding changes.

The total 2020-2021 General Fund Expenditure is \$1,444,156 and it includes salary and benefits for 7 full and 1 part time employee. In comparison to the fiscal year 2019-2020 budget, this reflects an overall increase of \$227,535. This figure includes estimated increases in salaries and benefits, services and supplies and fixed asset equipment and a provision for economic uncertainty.

BUDGET PROCEDURES

This budget is a working document and serves as a tool for many purposes, as such, it fulfills its primary purpose of showing the District's anticipated annual financing and spending plan. This document provides a means for allocating resources to meet the needs of the District to accommodate the function of the cemeteries for the public that we serve. This budget provides, as a management tool, the ability to maintain accountability to the Board and staff as well as a communication and policy tool for the public of our District. The Health and Safety Code section 9070 (a) requires that on or before August 30 of each year, the Board of Trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures of special districts contained in the California Code of Regulations.

This budget is initiated in the previous fiscal year by reviewing the capital expenditures at a regular meeting of the Board. The District Manager also meets with the District Superintendent to review the current budget and discuss the capital needs of the District. The budget is then assembled and presented for a review in draft form at a regular meeting of the Board of Trustees. The Trustees, as a group, consider the budget and make any final recommendations and ask for clarification. The final review is presented at an open board meeting of the Board of Trustees with changes. It is finalized by a vote of the Trustees prior to implementation and distribution as required by law.

BUDGET APPROACH

This budget is a balanced estimation of revenue and expenses for our new fiscal year; as such it is intended to be compiled and re-evaluated in the middle of the term. This budget is a flexible budget, which means it may be adjusted at any time during the fiscal year. It maintains a relational value to certain variables which are not in our control, such as the number of burials we have, the type of burials that may be chosen and the property tax received.

The dollar amounts listed in our budget will change based on sales levels and taxes received. Finally, this budget is a tool to provide a forecast of revenues and expenditures; that is, it is constructed as a summary of how our cemetery will operate with the planned revenues and expenditures for the year. This budget includes the operating budget and investments.

The District budget follows the basic government fund accounting budgeting concept. The total available fund balance is applied against the total fund requirement, the difference being the amount to be received by property taxes and burials for that fund. A distinction is made between appropriations, against which expenditures may be made, and reserve provisions, amounts to be raised but which are unavailable for expenditure during the budget period.

BUDGET ADOPTION

Adoption of the budget is made in an open meeting prior to August 30th (H&S Code §9070(a)). At least one time during the current fiscal year the budget will be reviewed in its entirety as a Mid-Year Review.

BUDGET FUNDS

This budget is made up of the general funds from which the District operates. They include, but are not limited to, the two funds at the WestAmerica Bank from which the District pays billing obligations and payroll. It will also include the Maintenance and Operation (M&O) fund from the County of Kern which currently is the revenue retention fund for the property tax received by the District, as well as the deduction of expenses for certain obligations such as health insurance from which the District currently contracts with the county. Other funds impacted may include interest as generated by the Endowment Care fund with the county, which current District policy is to not use at this time. It may also include funds to be transferred from the Contracts Fund as they are used during the fiscal year.

RESERVE FUNDS

Reserve funds include the Endowment Care Fund principal in which the District places all Endowment Care revenue. Currently, this fund has money deposited with the County of Kern and Stifel Investment advisors and only the interest is available for maintenance of the cemeteries.

Another reserve fund includes the Pre-need Fund in which contracted funds are deposited with the County to collect interest until the contract is used by the owner. When used, the contracts are transferred collectively at the end of each fiscal year as revenue for the new fiscal year budget.

The other fund with the County of Kern is the Large Contingency Fund. This fund is made up of 20% of each lot sold to families. The policy is to continue to hold these funds for large contingencies as may be needed and expended by the Board.

GANN APPROPRIATIONS LIMIT

The Gann Limit is established and adopted by minute order prior to the adoption of the District's budget as required by Article XIII B of the California Constitution. This adopted limit provides the annual percentage change in population for the District that is established for the county or the weighted average of the percentage change of each city and the unincorporated area. The District has always received property tax significantly below their Gann Appropriation Limit.

GENERAL FUND – REVENUE

The revenue accounts are broken out into three categories: property tax, operating and other revenue. At the fiscal years end, the unaudited prior fiscal year 2019-2020 unaudited operating revenue was 5% above the projected revenue, or \$73,106.

The following assumptions are being made to determine the proposed revenues for next fiscal year budget for 2020-2021.

- Property tax revenue receipts 5% lower than received the previous year. This is due to the pandemic effect on current property tax payments and land values.
- This past year we saw a 15% decrease in pre-need services.
- No change in interment lot fees. The Board implemented a \$75 increase in service fees, due to the length of services at the graveside.
- No change in interest receivables.
- Review of the interment lot sales and interment service fees collected year-to-date and projected through the previous fiscal year.

PROPERTY TAX

Property tax includes all current and prior secured and unsecured property taxes, as well as funds received from the County for the dissolution of former redevelopment agencies. The projected property tax allocation used for this budget is \$800,000.

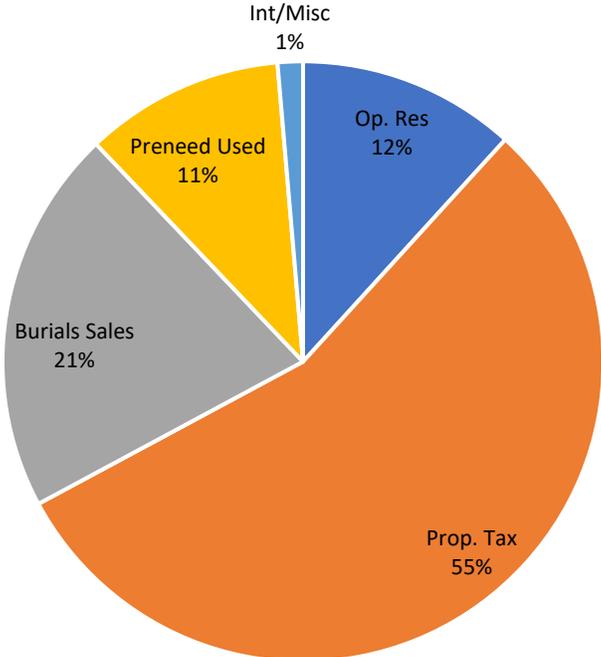
OPERATING REVENUE

This includes income for services and interment lot sales. These accounts make up the at-need sales of burials. Interment lot and services are projected to be totaled at \$299,765. The at-need sales are for burials that were not sold as a pre-need and include the lot purchase and service costs. This operating revenue also includes the burials that were done as a pre-need the prior year. Each service that was purchased as a pre-need, has funds available for transfer at the current cost for the lot and or service that was contracted. The amount of this preneed transfer this year is \$155,045.

OTHER REVENUE

The remaining revenue consists of interest earned by the District for funds with the County of Kern and the land rent on the Wasco Agriculture Lease which is \$19,650. This is a slight increase from last year due to the change in the contract for the Wasco Ag. lease. We currently do not receive any rent from the Shafter agriculture lease due to being in the fourth year of a four year no rent exemption in the contract as they replant trees. Income from the rentals of houses at the District to be \$8,400. Detail of these revenues are found in the At-Need Cash Sales.

REVENUE



■ Op. Res ■ Prop. Tax ■ Burials Sales ■ Preneed Used ■ Int/Misc

GENERAL FUND – EXPENDITURES

OPERATIONAL EXPENSES

Operating expenditures are broken down in five sections: outer burial containers projected to be used, salaries and benefits, maintenance and operation, administrative and general including capital purchases. The current Operational Expense is projected to be \$1,047,743 which will be \$87,860 more than the prior year budgeted expenditures.

The following assumptions are used in projecting the expenditures for 2020-2021:

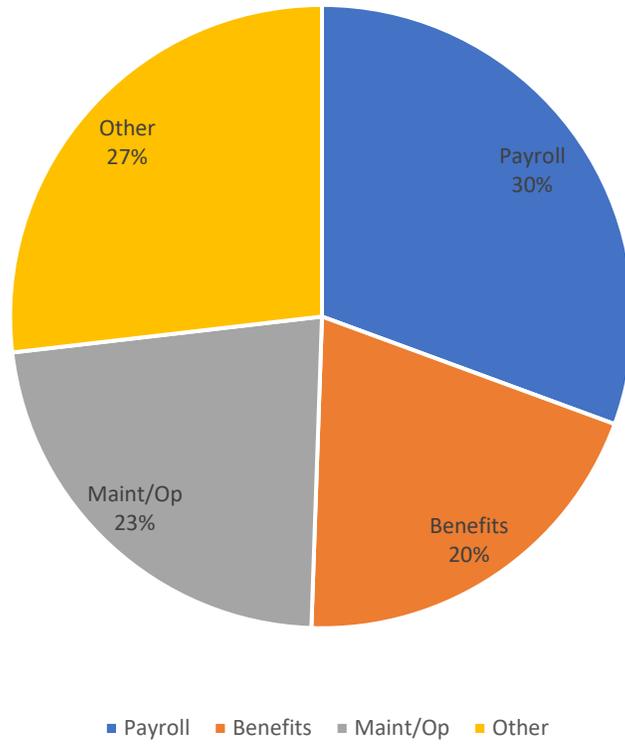
- Employees and the District are currently in a Memorandum of Understanding that will expire on June 30, 2023.
- CalPERS retirement contribution will be higher for employees. There looks to be about a 2% increase in PERS.
- Bi-weekly health insurance has about a 1% increase.
- An increase in utilities and fuel expenses.
- Purchase of a utility cart, engineering for the new development, in the amount of \$23,000.
- \$50,000 as a contingency reserve for unexpected expenses.

The following is a breakdown of some of the increases and decreases which are attributed to the proposed General Fund – Operational Expenses.

- The Trustee's approved a \$75 increase in burial fees.
- This year we did not see any extraordinary changes in the budget.
- We are continuing to see an increase in cremation burials.

The documentation for actual costs were discussed by the cemetery board at the Budget First Look at the May 2020 Regular Board meeting and the Final 2020-2021 Budget Summary was adopted at the July 2020 Regular Board meeting and is available upon request at the main office.

EXPENSE



OUTER BURIAL CONTAINERS

The resale for outer burial containers is contingent on the estimated burials that we expect to have this year. We are showing a trend of less casketed burials and an increase to 19% for cremation burials. The total for outer burial containers is projected to be \$55,851 which is a \$3,074 increase over last year. This increase is due to an increase in cost of outer burial containers from our vendors. They attributed their increase to cost of steel and concrete.

SALARIES and BENEFITS

We hired a new full time grounds man and a part time secretary this past year, and we will continue to see regular COLA and step increases. This year's salaries are projected to be \$442,026; this is \$16,036 increase from prior year budgeted amount and reflects the step increases and a 1% cost of living adjustment.

Our health benefit and the CalPERS adjustments have seen increases this past year. We anticipate the budgeted amount to be \$287,867 which will be \$9,594 more than the prior year budgeted amount.

Due to injuries this past year. We are seeing a significant jump in our Workers Compensation. We have seen an 85% increase for this year with an increase to \$41,302, but with credit incentive points it will be \$32,500.

MAINTENANCE and OPERATION

We have been able to hold these expenses down as the ground crew does more maintenance and less is done by outside contractors. We do see increased expenses in fuel and pesticides as their costs continue to rise. We expect our M&O budget to be \$102,500 which is \$5,400 less than the prior year budgeted amount.

ADMINISTRATIVE and GENERAL

Administrative and General Expenses have been a stable budget amount and we do not see much of a change. We will be budgeting \$95,100 which is \$5,400 more than prior year budgeted amount. The increase is attributed to travel costs, utility, software leases and cloud storage for our burial database.

CAPITAL EXPENDITURES – Equipment/Services

The budget includes the replacement of a utility cart for \$13,000. We will continue to engineer the new burial section this year and have budgeted \$10,000 for this expense.

OTHER EXPENSES

This budget includes the contingent tax liability which is deducted from our property taxes that are received from the county. This year this liability is \$160,134 and due to the way that the county handles this liability, we will not see the deduction. It is felt that it is appropriate that we show this liability as a footnote.

GENERAL FUND

REVENUE AND EXPENDITURES

	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
	Audited	Audited	Audited	Actual	Actual	Budget
REVENUES						
Current Secured	736,252	793,024	788,674	804,195	843,306	800,000
At-need Interments	509,067	420,764	335,838	321,082	315,082	299,795
Pre-need Sales Used	134,665	-	150,040	182,645	182,645	155,045
Use of Money or Property	28,197	37,618	45,593	22,433	26,124	19,650
Other Revenues	9,963	1,271	2,000	0	0	0
	<u>1,418,144</u>	<u>1,252,677</u>	<u>1,347,071</u>	<u>1,330,355</u>	<u>1,367,157</u>	<u>1,274,490</u>

	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
	Audited	Audited	Audited	Actual	Actual	Budget
EXPENDITURES						
Salaries and Benefits	676,100	741,329	760,361	680,920	693,702	729,893
Service and Supplies	319,097	304,324	315,558	273,588	266,181	317,851
Capital Outlay	98,242	0	71,392	65,227	46,783	23,000
PERS Side fund	32,814	32,814	32,814	32,814	32,814	32,814
PERS UAL			47,977	59,540	72,140	80,465
Contracts Payback	-	157,455	75,000	105,000	105,000	50,000
	<u>1,126,253</u>	<u>1,235,922</u>	<u>1,303,102</u>	<u>1,217,089</u>	<u>1,216,620</u>	<u>1,234,023</u>

Revenue over Expenditures	291,891	16,755	43,969	113,266	120,537	40,467
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OTHER FUNDS

ENDOWMENT CARE FUND

The District collects an Endowment Care fee on every grave that is sold. This fee was started in 1969 and is required by state statute. We will also collect the Endowment Care fee for graves originally sold without the Endowment fee if a family wishes to place a marker or allow a second burial with the existing burial. This money is considered principle for our Endowment Care Fund and is placed with the County of Kern and Wells Fargo Advisors.

The Endowment Care Fund is projected to receive an estimated \$65,000 in principal for the Fiscal Year 2020-2021. This is based on historical sales and projected casket and cremation burials. The projected fund balance at June 30, 2021 will be approximately \$1,640,132.

ENDOWMENT CARE INCOME FUND

The District earned interest on the principal from both the Endowment Care and the Endowment Care Income Funds invested with the County of Kern and Stifel advisors. The estimated interest balance (unaudited) will be \$320,000 at the end of this fiscal year and the interest for the fund is projected in increase by \$60,000 by June 30, 2021.

PRE-NEED CONTRACT FUND

The District has a fund that collects the contracts with individuals for a burial plot, interment related service or both. At the time of use these contracts guarantee the purchase to the family for the price that they paid. Families may pay for the plot, opening and closing of a grave, non-resident fee as well as outer burial containers. Funds collected from the family are invested with the county and at the end of each year the contracts that were used are transferred for the price that the service costs at the time of use. The District obligation for the services remaining on the outstanding contracts is \$1,682,715. The District is expecting that the interest generated by the investment of the fund will make up the difference in the purchase price and the different price at time of transfer.

Currently the fund has approximately (unaudited) \$1,690,047. It is expected that in 2020-2021 the fund will increase by \$175,000 for contracts sold and add interest of \$40,000. We will transfer out \$155,045 for the preneed used this past fiscal year. In the past, the District has transferred in excess of \$2,692,448 in prior years for services contracted.

LARGE CONTINGENCY FUND

The District has a contingency account that was created for the large events for the District. This fund is the accumulation of 20% of each lot sold and interest accumulated. Currently, this fund has \$308,370 and the approximate increase for 2020-2021 is an estimated \$20,000 to this fund from sales and interest.

OTHER FUNDS

	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
	Audited	Audited	Audited	Audited	Unaudited	Budget
OTHER FUNDS						
Endowment Care Principal	1,312,883	1,365,503	1,420,283	1,363,943	1,575,132	1,640,132
Endowment Care Interest	144,512	152,170	158,381	219,628	260,000	320,000
Contract Sales	982,368	1,214,055	1,350,000	1,505,951	1,690,047	1,865,047
Contingent Reserve	135,349	149,375	155,150	288,227	308,370	328,370