

MEETING NOTICE AND AGENDA
KERN COUNTY CEMETERY DISTRICT
REGULAR BOARD MEETING

SHAFTER MEMORIAL PARK OFFICE
18662 SANTA FE WAY, SHAFTER, CA

Rescheduled to
February 18, 2020

Flag Salute and Invocation: BRAUN

Call to Order: 12:00 PM

Roll Call: BARRY BRAUN, CHAIRMAN; BELTON BANKS, VICE-CHAIR; JERRY EZELL, BOARD SECRETARY

Public Comment: SEE PAGE 2 FOR DETAILS – EACH SPEAKER IS LIMITED TO 3 MINUTES

Consent Calendar:

- A. ADOPT AGENDA FOR CURRENT MEETING
- B. MINUTES FROM JANUARY 2020 REGULAR MEETING
- C. PAYROLL WARRANTS - 20/01 THRU 20/02; PAYROLL CHECKS 330 - _____
- D. VOUCHERS: 935 - _____ & CHECKS: 11884 - _____
- E. FINANCIAL STATEMENTS FOR JANUARY 2020.

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Adjournment: THE NEXT REGULAR MEETING IS SCHEDULED FOR MARCH 19, 2020.

For the Boards information on the format of any Public Comment time:

KERN COUNTY CEMETERY DISTRICT REGULAR BOARD MEETING

PUBLIC COMMENT

Welcome to the Kern County Cemetery District regular board meeting. We value any input and direction you may have to offer our Board of Trustees and in order to give an equal time to each individual, we ask that a few rules be followed in addressing the board.

The Public Comment Period is set aside as the time you may speak. The Chairperson will open this time period and each visitor will be called on one at a time. To speak for, against or make any comment, the individual may voluntarily give their name and address.

After being recognized, the board requests that the individual:

1. Make statements no longer than three (3) minutes in length.
2. Address all comments to the Chairperson and the board.
3. If you are repeating what had been said earlier, you may state that you agree with what had been said and the board will note your agreement. Each topic will have a thirty (30) minute limit for all speakers.
4. Understand that if your request needs action the board is unable to do so unless it is on the agenda. You may request a matter be addressed if it is an emergency situation. If it is not deemed an emergency as defined in the California Government Code §54956.5, the matter may be clarified and referred to staff or placed on the agenda for the next meeting.

ACCOMODATIONS

Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Cemetery District may request assistance at the main office on 18662 Santa Fe Way, Shafter, or by calling 661-746-3921. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials available in alternative formats. Requests for assistance should be made at least three (3) working days in advance whenever possible.

AVAILABILITY OF AGENDA DOCUMENTS

All supporting documentation for agenda items will be available for public review at the District's Shafter Memorial Park Office, 18662 Santa Fe Way, Shafter, during regular business hours, 8:00 am – 5:00 pm. Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting, that is distributed less than 72 hours prior to that meeting, will also be available for review at that location.

Kern County Cemetery District

Minutes for

January 16, 2020

Regular Board Meeting

Shafter Memorial Park Office
18662 Santa Fe Way, Shafter, CA

- Call to Order: Call to Order at 12:00pm by Chairman Braun, Chairman Braun led flag salute and invocation.
- Roll Call: In attendance was Barry Braun, Chairman of the Board; Belton Banks, Vice-Chair; Jerry Ezell, Secretary of the Board.
- Employees and Visitors: Timothy W. Unruh, District Manager; Eliza Caudillo, District Secretary; Denton Carender, District Superintendent
- Public Comment: None
- Consent Calendar: Includes the approval of the agenda for the current meeting and minutes of the regular board meeting for December 2019 as corrected. The payroll warrants for 19-25 through 19-26 were approved. Vouchers, checks, and financial reports for December 2019 were approved. This was done by approval of the consent calendar by motion of Trustee Ezell and seconded by Trustee Banks; 3 ayes, unanimous.

Management Update

- We had 17 services in Shafter and 6 services in Wasco for the month of December 2019. This gives us 122 for the fiscal year-to-date.
- A reminder that we are having a retirement dinner for Shirley Hays at the Hungry Hunter in Bakersfield on Friday, January 17 at 6:00pm.
- A reminder that the California Association of Public Cemeteries Annual Conference is scheduled for February 20-23, 2020. It is at the Mandalay Bay Embassy Suites in Oxnard.

February Meeting Conflict

The regularly scheduled board meeting is on February 20, 2020 which is when the Trustee's and Staff plan on being at the CAPC Annual Conference. With due discussion it was decided to reschedule this meeting for February 18 at 12:00pm at the District Office.

The motion to reschedule the regularly schedule February board meeting to February 18, 2020 was made by Trustee Banks and seconded by Trustee Ezell; 3 ayes, unanimous.

4th Quarter Review of Investments

The Investment Manager presented the Board with a letter explaining the investments of the District including the Wells Fargo, the County and the WestAmerica investments. As of December 31, 2019, the District has \$4,292,173 as a combined investment of all accounts. The district has \$3,087,167 with the County of Kern and \$258,533 with WestAmerica Bank.

The district has \$946,473 with Wells Fargo Advisors as shown in the Quarterly Pooled Asset Portfolio as presented to the board. These assets are invested in Certificate of Deposits, Corporate Bonds, Government Bonds, and Government CMO's.

The District is currently receiving 2.12% in the Wells Fargo Advisors account and 2.03% for money invested with the County of Kern. The investment in the Wells Fargo Investment has been done in accordance to the requirements set forth by the State of California and our Investment Policy. Manager Unruh, as investment manager acknowledged that the district has ample liquidity to meet its obligations for the next 6 months.

The motion was made to receive and file the 4th quarter investment information by Trustee Ezell and seconded by Trustee Banks; 3 ayes, unanimous.

Election of Officers

The board discussed the current standing of officers and determined to remain the same for the next year. Chairman Braun expressed his desire for the board to understand that if anyone wished to be the new president, he would be fine with their decision.

The motion for the Chairman to be Barry Braun, Vice-chairman to be Belton Banks and Secretary of the Board to be Jerry Ezell was made by Trustee Banks and seconded by Trustee Ezell; 3 ayes, unanimous.

Adjournment

The meeting was adjourned at 12:48 by Chairman Braun. The next regular meeting is scheduled for February 18, 2020.

Signed,

Timothy W. Unruh
District Manager

I. Managers' Report

1. Burials for January 2020

We have had 11 services in Shafter and 6 services in Wasco. This gives us 139 total services for the fiscal year to date. For this fiscal year we have had 23 cremation services in Shafter and 7 in Wasco for a total of 30 cremation services. This currently gives us a 22% cremation rate.

2. Form 700

The Form 700 as required by the FPPC, is due April 2 to the County of Kern. Eliza will have this year's form completed as last years for your signature. If you have changes or want to complete it yourself, we have copies that you can pick up after this meeting.

II. Mid-year Budget Review

1. Attachment A; Attachment B
2. Review of 2019 Mid-Year Budget - Discussion
3. Action to Receive and File

Summary

It is the recommendation of the manager that the Board of Trustee's, after discussion and review, make a motion to receive and file this information.

Over View

Each year an analysis is prepared reviewing the district's current year budget for the first 6-months activity for the Board to review. The goal is to keep the Board up to date on current trends and aspects of the operational costs for the district including a discussion with the Manager on the outlook of the district's direction and relevant information that may affect the District's current operations. This review is intended to be an assessment as you to look at the district's mid-year operations. Any changes or issues that become apparent and need to be addressed can then be adopted prior to the end of the fiscal year.

We are doing the services as were expected in the budget adopted for fiscal year 2019-2020. Our cremation percentage hovers between 17-22% each month and we are currently operating in the black for this year. At this point our grounds crew is able to keep up with the services and maintenance necessary for this time of year. They are continuing to meet the needs for our funerals and the demands of the public. Because we are working with one man short it is costing overtime as well as a modification of vacations. It is expected to have another grounds man hired by mid to late February.

The most relevant negative issues continue to be the trending for cremation burial and the loss of burials due to family taking cremations home or scattering, as well as our local veterans choosing to use the Veterans Cemetery in Bakersfield. None of these issues are something that can be removed or fixed with any certainty.

Discussion

As a reminder, the following analysis is a review of direct operational income and expenses; it is not a complete review of our overall operations. This review is intended to give a view of the actual operational cash flow of money including our property tax and income from burials in our current year and the direct expenses that we have incurred to date.

Attachment A is a Mid-Year Review of our cash flow that is a comparison of our budgeted versus actual income and expenditures from July 1, 2019 through December

31, 2019. The first heading, labeled 'Received Mid-Year', is the money received or spent in the first six months of our fiscal year. The next heading, labeled 'Budget Mid-Year', shows what was 50% of the budget set in July 2019. The next column heading, labeled 'Over/Under', the difference between our actual money received and the budgeted amount of the first six months of this year. The fourth and last column is the percentage received or spent percentage in the first six months relative to the total budget for the fiscal year 2019-2020.

With this attachment, we are showing both a profit/loss comparison without and with our standard overhead.

Income

The District has received \$740,567 as income for the first half of the fiscal year. This includes the income received up to December 31, 2019 including property tax, at need income, almond and interest income.

Expense

The District has spent \$554,383 in the first half of this fiscal year. This includes the expenses up to December 31, 2019 that include resale materials, payroll and benefits, and maintenance and operation.

Other Expense (indirect overhead)

We have spent \$178,439 in the first half of the year that is one-time spending for the year. It includes indirect expenses such as our PERS side fund and ongoing unfunded retirement liability expenses and annual payback to borrow from our preneed contract.

Attachment B is a comparison of 2018 and 2019 in the same mid-year time frame. This attachment is a new comparison and it is hoped that it will help in understanding what we are receiving and spending this year. The first column is what we have done this fiscal year 2019 and the second column fiscal year 2018 is what we did last year. The third column is the difference in dollars and the fourth column is the difference in a percentage.

This comparison shows this year versus last year with a profit/loss without overhead as well as a profit/loss with our standard overhead.

Mid-Year Review
July thru December 2019

Attachment A

Budget mid-year overview for the fiscal year 2019/20 for the Kern County Cemetery District shows the current year's budget as adopted as compared to the actual mid-year amounts. The columns are an overview that consolidates certain revenue and expenses.

RECEIVED MID-YEAR:

This column includes what was actually received as revenue and spent.

BUDGET MID-YEAR:

This column is our budget reduced by 50%.

OVER/UNDER:

The difference between the two columns

RECEIVED % of BUDGET

The percentage received this year of total budget

REVENUE	Received Mid-Year	Budget Mid-Year	Over/ Under	Received Percentage of Total Yr. Budgeted
Property Taxes	\$478,358	\$402,098	\$76,261	18.97%
At Need Cash Sales	\$155,669	\$135,183	\$20,486	15.15%
Preneeds Used Prior Yr.	\$98,893	\$98,893	\$0	0.00%
Almond Income	\$2,400	\$2,950	(\$550)	-18.64%
Interest/Misc	\$5,248	\$4,325	\$922	21.32%
Total	\$740,567	\$643,448	\$97,119	15.09%
Transfers:				
Endowment Care	\$0	\$0	\$0	0.00%
Pre-need Transfer	\$0	\$0	\$0	0.00%
Land Purchase Transfer	\$0	\$0	\$0	0.00%
Sub- Total	\$0	\$0	\$0	
Total Income	\$740,567	\$643,448	\$97,119	57.55%
EXPENSE				
Operation Expense:				
Resale Materials	\$19,744	\$23,745	\$4,001	-16.85%
Payroll	\$203,231	\$221,769	\$18,538	-8.36%
Benefits	\$174,148	\$216,593	\$42,445	-19.60%
Maint. & Operation	\$157,260	\$146,296	(\$10,964)	7.49%
Operation Reserve	\$0	\$0	\$0	0.00%
Total	\$554,383	\$608,403	\$54,020	3.00%

Profit/Loss	<u>\$186,184</u>	<u>\$35,045</u>	
Other Expense:			
Contingency Reserve	\$0	\$50,000	\$50,000
Capital Outlay	\$0	\$47,000	\$47,000
PERS Unfunded Accrued Liability	\$70,625	\$73,000	\$2,375
PERS Side Fund Payback	\$32,814	\$32,814	\$0
Prior Years Reserve Payback	\$75,000	\$75,000	\$0
Sub-Total	\$178,439	\$277,814	\$99,375
Total Expenses	<u>\$732,822</u>	<u>\$886,217</u>	<u>\$153,395</u>
Profit/Loss w/overhead	<u>\$7,745</u>	<u>-\$242,769</u>	

Mid-Year Vs. Prior-Year
July thru December

Attachment B

Budget mid-year overview for the fiscal year 2019/20 for the Kern County Cemetery District shows the current year's budget as adopted as compared to the actual mid-year amounts. The columns are an overview that consolidates certain revenue and expenses.

RECEIVED MID-YEAR 2019:

This column includes what was actually received as revenue and spent for 2019.

RECEIVED MID-YEAR 2018:

This column includes what was actually received as revenue and spent for 2018

OVER/UNDER:

The difference between the two years

RECEIVED % of BUDGET

The percentage received 2019 compared to 2018

REVENUE	2019 Received Mid-Year	2018 Received Mid-Year	Over/ Under	Received Percentage Difference Prior Year
Property Taxes	\$478,358	\$454,195	\$24,163	5.32%
At Need Cash Sales	\$155,669	\$162,767	(\$7,098)	-4.36%
Preneeds Used Prior Yr.	\$98,893	\$107,645	(\$8,753)	-8.13%
Almond Income	\$2,400	\$1,379	\$1,021	74.05%
Interest/Misc	\$5,248	\$8,782	(\$3,535)	-40.25%
Total	\$740,567	\$734,769	\$5,798	0.79%
Transfers:				
Endowment Care	\$0	\$0	\$0	0.00%
Pre-need Transfer	\$0	\$0	\$0	0.00%
Land Purchase Transfer	\$0	\$0	\$0	0.00%
Sub-Total	\$0	\$0	\$0	
Total Income	\$740,567	\$734,769	\$5,798	.79%
EXPENSE				
Operation Expense:				
Resale Materials	\$19,744	\$19,154	(\$591)	3.08%
Payroll	\$203,231	\$202,630	(\$601)	0.30%
Benefits	\$174,148	\$165,441	(\$8,707)	5.26%
Maint. & Operation	\$157,260	\$222,748	\$65,488	-29.40%
Operation Reserve	\$0	\$0	\$0	0.00%
Total	\$554,383	\$609,972	\$55,589	-9.11%

Profit/Loss	<u>\$186,184</u>	<u>\$124,797</u>	
Other Expense:			
Contingency Reserve	\$0	\$0	\$0
Capital Outlay	\$0	\$11,624	\$11,624
PERS Unfunded Accrued Liability	\$70,625	\$47,977	(\$22,648)
PERS Side Fund Payback	\$32,814	\$32,814	\$0
Prior Years Reserve Payback	\$75,000	\$75,000	\$0
Sub-Total	\$178,439	\$167,415	-\$11,024
Total Expenses	<u>\$732,822</u>	<u>\$777,387</u>	<u>\$44,565</u>
Profit/Loss w/overhead	<u>\$7,745</u>	<u>-\$42,618</u>	

III. Price Discussion

1. Discussion
2. Possible Action

Summary

It is recommendation of the manager that the board discuss the policy of a regular increase to offset inflationary factors on an annual basis.

What is presented here also includes the cost of service length relative to an increased overhead cost to do the services. This was done as requested by the board for this discussion.

Discussion

As a place to start, the inflationary increase or CPI for the west coast for 2019 is 2.7%. When factored onto a casketed burial, this would translate to a \$66 dollar increase and for a cremation service it would be a \$40 increase for inflation alone.

The board requested that the staff track the time being spent at funeral services to determine whether we need to increase the cost of our services to our families. We have tracked all services for over 3 months and have found that families are spending more time at the graveside than we had seen in the past.

These long services factor into this discussion insofar as they require that we must stop using mowers, blowers and edgers during the services. This in turn requires that we work overtime to complete what we need to do to clean the cemetery. Which in turn costs the district more to do what needs to be done.

In Shafter we are seeing a definite increase in time spent at the graveside. Peters graveside services are averaging just over 1.5 hours long. Basham/Lara church services are averaging just under 2 hours long.

In Wasco we are seeing Peters graveside services averaging 1.75 hours and the church services averaging just under 1.5 hours. Basham/Lara services are averaging over 1.5 hours.

Combined all services in Shafter are just over 1.25 hours and Wasco services are slightly under 1.25 hours in length.

IV. Reinvestment of Endowment Care Principal

1. Endowment Care Fund
2. Recommendation from Stifel
3. Discussion and Possible Action

Summary

It is the recommendation of the Investment Manager to pick up a Government Bond the Federal Home Loan Bank with a coupon of 2.25% with a Y-T-M of 1.410%. It is the recommendation of the Investment Manager to pick up for CD's the Raymond James Bank with a coupon/yield of 1.75%.

History

Under current law, the Kern County Cemetery, as a public cemetery, must maintain an Endowment Care Fund account that consists solely of money that is collected with each sale or use of burial plots. The Health and Safety Code §9065 requires an Endowment Care Fund for all Public Cemetery Districts and this investment is considered to be money placed in 'trust' that allows only the interest to be spent for the ongoing maintenance and care of the cemetery. A payment is made into this fund with the sale of any new plot or use of a grave that previously did not have Endowment Care paid.

Currently the District uses Stifel, with Sandra Wheeler, to help direct and make recommendations for this fund. The Health and Safety Code §9065, the Government Code §53601 and the Districts Investment Policy outline the type of investments and percentages that are allowed for the permitted indebtedness.

It is the recommendation of the Investment Manager that the Board of Trustees, to make the next Endowment Care principal investment in the ladder method with a Certificate of Deposit as well as a Government Bond.

Overview

This December and January we had two \$50,000 investments mature which is part of our Endowment Care Principal and is available for reinvestment. One was a Certificate of Deposit and the other was a Government bond that was called. Our Investment Policy requires that we diversify our investments as much as possible within the confines of the law. Currently, this will require that the District reinvest this money between a Corporate Bond, Government Bond or a Certificate of Deposit.

Our Stifel advisor has recommended that we continue the yearly investment ladder as we have done in the past. By keeping our income-based investments in a laddered

maturity basis will allow the District the opportunity to reinvest as the market firms up and starts the anticipated increase in returns.

With that in mind the following recommendations are an example of the returns that we can expect for different investment options. It cannot be guaranteed that these exact investments will still be available when this decision is finalized, but it will be very close. By keeping our income-based investments at an intermediate maturity or shorter will allow us the opportunity to reinvest when the market firms up and starts this anticipated increase in return.

Corporate Bonds

Description	Rating	Coupon	Call	Maturity	Y-T-M
Baltimore Gas & Elec	A3/A	3.5%	8/21	11/21	1.877%
Westpac Bkg Corp	Aa3/AA-	2.8%	-	01/22	1.514%

Agency Bonds

Description	Rating	Coupon	Call	Maturity	Y-T-M
Federal Home Bank	Aaa/AA+	2.25%	-	03/22	1.41%
Federal Farm Bank	Aaa/AA+	1.960%	-	11/22	1.391%

Treasury

Description	Rating	Coupon	Call	Maturity	Y-T-M
United State Treasury	Aaa/-	2.125%	-	08/21	1.398%

Certificate of Deposit

Description	Rating	Coupon	Call	Maturity	Y-T-M
Merrick Bank		1.55%	-	02/21	1.55%
Bank of Ozarks		1.65%	-	03/21	1.65%
Pioneer Bank		1.60%	-	05/21	1.60%
Wells Fargo Bank		1.70%	-	03/22	1.70%
Morgan Stanley Bank		1.85%	-	02/23	1.85%
Raymond James Bank		1.70%	-	08/23	1.70%
Raymond James Bank		1.75%	-	02/24	1.75%
JP Morgan Bank		1.95%	08/20	02/25	1.95%
Morgan Stanley		2.00%	08/20	02/25	2.00%

V. Trustee Reports and Comment

1. Discussion – No Action

History