



KERN COUNTY CEMETERY DISTRICT

2019-2020 Budget

Fiscal Budget

Budget Approved
7-18-2019

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 Cemetery was opened as a private cemetery on December 29, 1923 with our first burial of Arlene Mae Guenther. We 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 only 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 off of 7th Standard and Calloway Roads. This area has grown rapidly, but as of yet 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 2019-2020 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 we will be able to keep 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 cemetery for the community's benefit
- Maintain a staffing level which provides quality service to the community
- Review and adjust District fees based on market changes and inflation
- Start progress 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 2019-2020 General Fund Expenditure is \$1,449,995 and it includes salary and benefits for 7 full and 1 part time employee. In comparison to the fiscal year 2018-2019 budget, this reflects an overall increase of \$13,876. This 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 District 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 late 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. At this time, the Trustees as a group consider the budget and make any final recommendations and questions. The final review is presented at an open board meeting of the Board of Trustees for any 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 the 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 the investment budget.

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 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 primary revenue retention fund for the property tax received by the District, as well as electronic transfer 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 Wells Fargo Advisors and only the interest is available for maintenance of the cemeteries.

Another reserve fund includes the Pre-need Fund in which contacted 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.

The other fund with the County of Kern is the Large Contingency Fund. This fund is made up of 20% of each lot as sold to families. The policy is to continue to hold these funds for the 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 XII B of the California Constitution. This adopted limit will provide the annual percentage change in population for the District shall be that 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 below the Gann Appropriation Limit.

GENERAL FUND – REVENUE

The revenue accounts are broken out into three categories: property tax, operating revenue and other revenue. At the fiscal years end, the unaudited prior fiscal year 2018-2019 actual operating revenue was 1.03% above the projected for the same year, or \$58,309.

The following assumptions are being made to determine the proposed revenues for 2019-2020.

- Property tax revenue receipts the same as received the previous year.
- Review of the interment lot sales and interment service fees collected year-to-date and projected through the previous fiscal year.
- No change in interment lot and service fees.
- No change in interest receivables.

PROPERTY TAX

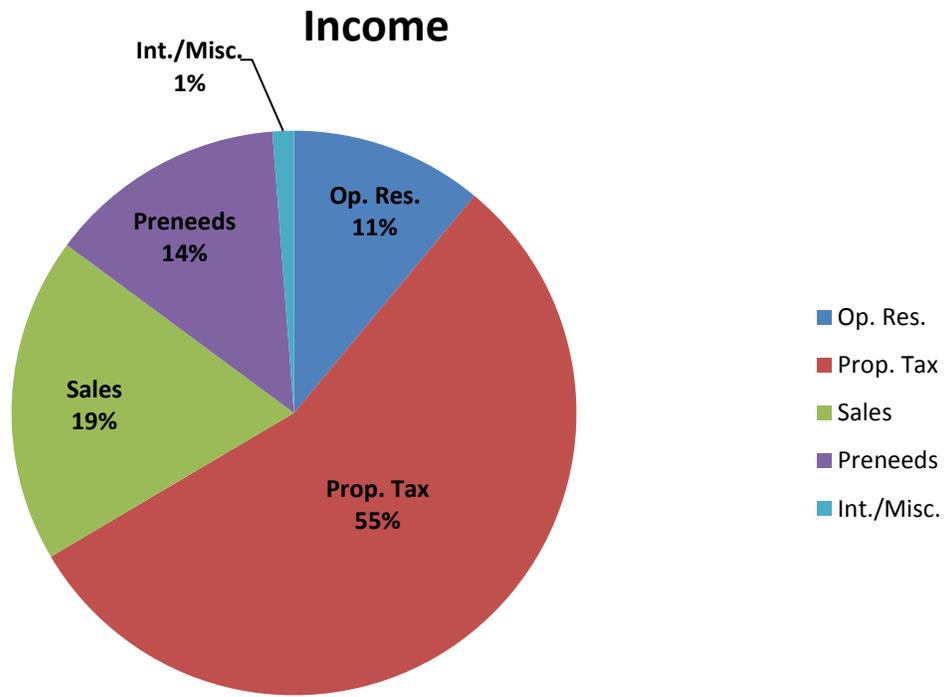
Property tax includes all current and prior secured and unsecured property taxes, as well as funds received from the County for the dissolution of former redevelopment agencies. The projected property tax allocation used for this budget is \$804,195.

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 \$270,365. 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 last year. Each service that was a pre-need is available for transferred at the current cost for service that was contracted. The amount of this transfer is \$197,785.

OTHER REVENUE

The remaining revenue consists of interest earned by the District for funds with the County to be \$2,000 and also the land rent in Wasco Agriculture Lease to total \$7,000. This is a slight increase from last year due to the change in the contract for the Wasco lease. We currently do not receive any rent from the Shafter Agriculture Lease due being in the third year of a three 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.



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 and capital purchases. The current Operational Expense is projected to be \$1,017,448 which will be \$46,102 more than the prior year budgeted expenditures.

The following assumptions are used in projecting the expenditures for 2019-2020:

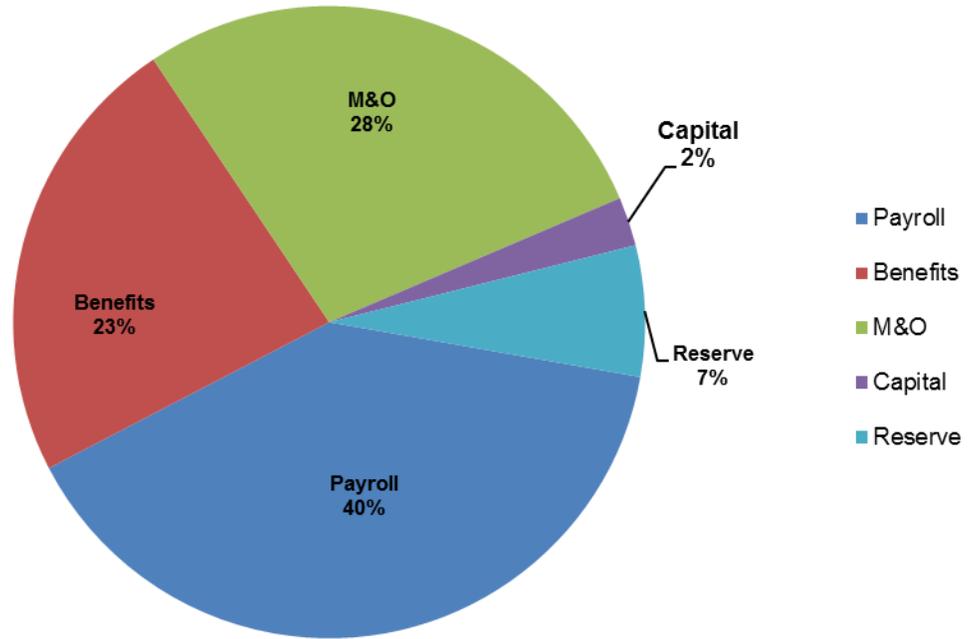
- Employees and the District are currently in a Memorandum of Understanding that will expire on June 30, 2020.
- CalPERS retirement contribution will be higher at 13.692% for classic employees and 6.75% for PEPRA employees.
- Bi-weekly health insurance for a couple is \$801.14 and a family is \$1,153.98.
- An increase in utilities and fuel expenses.
- Purchase of a utility cart, engineering for the new development, and new computers in the amount of \$28,000.
- \$75,000 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.

- This year we did not see any extraordinary changes in the budget.

The documentation for actual costs were discussed at the May 2019 Regular Board meeting and the Final 2019-2020 Budget Summary 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 20% for cremation burials. The total for outer burial containers is projected to be \$52,777 which is a \$5,494 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 employee this past year, and we will continue to see COLA and step increases. This year's salaries are projected to be \$443,537; this is \$17,547 increase from prior year budgeted amount and reflect the step increases and a 3% cost of living adjustment.

Our health benefit and the CalPERS adjustments have seen stabilization this past year. We anticipate the 2019-2020 budgeted amount to be \$260,435 which will be \$17,838 less than the prior year budgeted amount. This decrease is most due to recent retirements.

MAINTENANCE and OPERATION

We have been able to hold these expenses down as the grounds 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 \$313,477 which is \$46,394 more than the prior year budgeted amount. This is due to an estimated increase in our power costs, fuel and oil costs, pump costs and operating supplies as we continue to do in-house repairs.

ADMINISTRATIVE and GENERAL

This has been a fairly stable budget amount and we do not see much of a change. We will be budgeting \$99,100 which is \$9,400 more than prior year budgeted amount. The increase is attributed to travel costs, utility, software leases and cloud data for our burial database.

CAPITAL EXPENDITURES – Equipment/Services

The budget includes the replacement of a utility cart for \$13,000. We will need to replace our computers due to our operating software no longer being supported. We will start to engineer the new burial section this year as well for \$10,000.

GENERAL FUND

REVENUE AND EXPENDITURES

	FY2014-15 Audited	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19 Budget	FY2018-19 Actual	FY2019-20 Budget
REVENUES							
Current Secured	711,563	736,252	793,024	788,674	803,382	804,195	804,195
At-need Interments	450,170	509,067	420,764	335,838	275,365	321,082	270,365
Pre-need Sales Used	98,720	134,665	-	150,040	182,645	182,645	197,785
Use of Money or Property	29,186	28,197	37,618	45,593	10,650	22,433	17,650
Other Revenues	9,963	9,963	1,271	2,000	0	0	0
	1,299,602	1,418,144	1,252,677	1,347,071	1,272,042	1,330,355	1,289,995
EXPENDITURES							
Salaries and Benefits	607,540	676,100	741,329	760,361	704,263	680,920	703,972
Service and Supplies	373,002	319,097	304,324	315,558	267,083	273,588	313,477
Capital Outlay	6,660	98,242	0	71,392	47,000	65,227	28,000
PERS Sidefund	32,814	32,814	32,814	32,814	32,814	32,814	32,814
PERS UAL				47,977	59,540	59,540	73,000
Contacts Payback	-	-	157,455	75,000	75,000	105,000	75,000
	1,020,016	1,126,253	1,235,922	1,303,102	1,185,700	1,217,089	1,226,263
Revenue over Expenditures	279,586	291,891	16,755	43,969	86,342	113,266	63,732

OTHER FUNDS

ENDOWMENT CARE FUND

The District collects an endowment 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 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 2019-2020. This is based on historical sales and projected casket and cremation burials. The projected fund balance at June 30, 2020 will be approximately \$1,631,357.

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 Wells Fargo advisors. The estimated balance (unaudited) will be \$217,381 at the end of this fiscal year and the interest for the fund is projected to increase by \$38,781 by June 30, 2020.

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 are guaranteed 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 is costing at the time of use. 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 price at time of transfer. Currently the fund has approximately (unaudited) \$1,505,951. It is expected that in 2019-2020 the fund will increase by \$205,000 for contracts sold and add interest of \$30,119. We will transfer out \$197,385 for the preneed used this past fiscal year.

CONTINGENCY FUND

The District has a land reserve account that was created for the purchase of land for the District. This fund is the accumulation of 20% of each lot sold and interest. Currently, this fund has \$288,227 and the approximate increase for 2019-2020 is an estimated \$21,000 to this fund from sales and interest.

OTHER FUNDS

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2018-19	FY2019-20
	Audited	Audited	Audited	Audited	Budget	Unaudited	Budget
OTHER FUNDS							
Endowment Care Principal	1,244,763	1,312,883	1,365,503	1,420,283	1,475,063	1,566,357	1,631,357
Endowment Care Interest	106,156	144,512	152,170	158,381	165,965	210,381	256,162
Contract Sales	794,581	982,368	1,214,055	1,350,000	1,409,258	1,505,951	1,543,285
Contract Used	98,720	134,665	149,375	140,000	182,645	182,645	192,635
Land Reserve	119,245	135,349	149,375	155,150	175,834	288,227	309,227