

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
April 2, 2024

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Trustee Kelly Rivers at 10:04 a.m., in the Board Room of the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

The Pledge of Allegiance was led by Trustee Kelly Rivers
Roll Call by Board Secretary, Mary Funk.

PRESENT:	Kelly Rivers	Second District
	Vladimir A. Anderson	Third District
	Noel Hatch	Fifth District

ABSENT:	Cynthia Ward, Chair	Fourth District
	Maribel Marroquin-Waldram, Vice Chair	First District

STAFF: Tim Deutsch, General Manager
Brenda Manriquez, Finance and Accounting Manager
Mary Funk, Board Secretary

ALSO

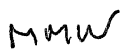
PRESENT: Steve Quintanilla, General Counsel (attended remotely)
Erika Partida, Eide Bailly, LLP (attended remotely)

PUBLIC COMMENTS

Member of the public Lurette Forrest asked about human composting and green burials and if that was something that District would consider implementing at the new public cemetery in Gypsum Canyon. GM Deutsch replied that he did not have much information on human composting. There has been quite a bit of interest from the public in regards to green burials. Given how the Gypsum Canyon site borders wildlife area, there may be some perfect opportunities to incorporate areas for green burials into the design of the new public cemetery. Likely this would not occur during the first phase of development. Also the District would need to thoroughly investigate the health and safety requirements for conducting green burials. The District certainly wants to be responsive to the community's needs and we have received feedback that green burials are desirable to many residents.

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, March 5, 2024.
- B. Approval of Minutes – Regular Board Meeting, March 20, 2024
- C. Approval of the April 2024 Check Registers (Claims) Nos. 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163 and 164.


Chair


Secretary

MOTION: of Trustee Hatch, seconded by Trustee Rivers and carried by a vote of 3-0 (Chair Ward and Vice Chair Marroquin-Waldrum absent for the vote), approved the Consent Calendar.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – February 2024

The following interment and interment space sales for February 2024 were reviewed:

			<u>2023-2024</u>	<u>2022-2023</u>
ANAHEIM	Interments	7 (7 Urn)	53 (41 Urn)	60 (38 Urn)
	Lot Sales	4	27	24
EL TORO	Interments	72 (22 Urn)	609 (204 Urn)	612 (204 Urn)
	Lot Sales	50	636	778
SANTA ANA	Interments	17 (5 Urn)	150 (66 Urn)	117 (71 Urn)
	Lot Sales	11	53	45
TOTAL	Interments	96 (34 Urn)	812 (311 Urn)	789 (313 Urn)
	Lot Sales	65	716	847

GM Deutsch stated that Anaheim Cemetery had four in-ground cremation space sales in February. Staff performed seven interment services which were also all cremation based. Space sales year-to-date are just slightly ahead, with 27 sales this year compared to 24 in the previous year. Interments are slightly behind, with 53 interments conducted year-to-date compared to 60 in the previous year.

El Toro Memorial Park had 50 interment space sales in February. Of those sales, 39 were for full casket at-need interments, five were for niches, and 6 in-ground cremation spaces were sold. Trustee Hatch asked where the sales were occurring in the park. GM Deutsch said that considering the dwindling availability of spaces, the sales are fairly well spread among the lawns left to choose from. He explained that it can be very problematic when all of the remaining spaces are located all in the same area. When services happen in too close a proximity to each other it impacts the quality of the services for all families. As expected, when comparing sales for February of FY 2023-24 to February of FY 2022-23, we are seeing a widening gap with double the spaces sold in the prior year. Year-to-date, El Toro has sold 636 spaces so far this fiscal year, compared to 778 spaces in the prior year.

In terms of space availability, El Toro Memorial Park has approximately 750 casket spaces remaining. With the five niche sales, there are approximately 179 niches remaining in the Maureen Rivers Memorial Niche Garden.

Staff at El Toro conducted 72 interments during February, which is just one less than the previous February.

mmw
Chair

MG
Secretary

Santa Ana Cemetery had eleven space sales in February including four casket spaces, six niche sales, and one in-ground cremation space sale. GM Deutsch stated that he is hoping to have the road closures occur this summer to develop additional casket space at Santa Ana Cemetery. Hopefully this will help to close the gap somewhat until the new cemetery is operational. Santa Ana Cemetery staff conducted 17 interment services in February including 12 casket burials, 4 niche inurnments, and one in-ground cremation burial.

Overall, the District sold 65 interment space sales compared to 110 in the same month last year. Year-to-date, the District has sold 716 interment spaces, compared to 847 in the previous year. For interment services, year-to-date, the District has conducted 812 services, compared to 789 in the previous year.

B. Financial Reports – February 2024

Brenda Manriquez stated that everything is right on track. The District is ahead on tax revenue and way ahead on interest earnings. As the monthly activity report showed, we are seeing a dip in space sales. Revenue from Interment Space Sales and Other Sales – Taxable is right on target, if not ahead.

For expenses in Salaries and Benefits, any variances you see are mostly a result of timing of when the pay period ends and when the employees actually get paid. Overtime also accounts for the variance as well, although the weekend service fees do help to offset some of this overtime. For Services and Supplies, Brenda Manriquez noted that one item did pop out in the 1800 Account for Office Expenses which was due to the annual Granicus invoice in February 2024, which was charge to Accounts 1900 and 1410 in the prior year. Brenda Manriquez also commented that the Utilities – 2800 Account is well under budget due to the rainy winter requiring less irrigation and also the less electrical to power the wells at both Anaheim Cemetery and Santa Ana Cemetery.

Brenda Manriquez reported that there were no new equipment purchases. The first piece of equipment that was just received at El Toro will be showing in the March Financial Report. The second piece of equipment is on backorder and expected to arrive next fall and will be part of the 2024-25 FY budget.

For Buildings and Improvements there was about \$710,000 in charges for the new cemetery development. The remaining \$9,000 is for gate repair for Santa Ana Cemetery.

Brenda Manriquez reported that the Balance Sheet has an Assigned – Land Development amount of approximately \$2.5 million. However, this will likely decrease in conjunction with the falling revenues from interment space sales. This does not include the \$610,000 debt payment. At year-end the Finance and Investment Committee will consider if the District wants to commit some of those funds or leave it as assigned for Land Development.

C. Investment Portfolio Changes - March 2024

GM Deutsch reported that there were quite a few investments maturing in March, with only one bond being called early. Investments maturing now are all in that 4% to 5% range. We are able to maintain those rates and extend terms from 12 to 24 months. In The Endowment Principal funds the District is going out five years. Looking ahead to the next six months there are a lot of

mmw
Chair

MF
Secretary

investments that will be maturing. UBS Endowment Principal and Income will about have \$1.1 million coming due. Stifel Endowment Principal and Income will have about \$1.5 million maturing. The Stifel Pre-Need fund will have about \$1.7 million maturing. GM Deutsch noted the current rates for the different pools, adding that we are not transferring out of the Orange County Investment Pool yet. GM Deutsch did not see a distinct advantage in transferring the principal funds at this time. Trustee Hatch commented that it looks like rates are just going to keep hovering at this level. GM Deutsch agreed that it looks like things will be pretty stable for the next few months.

D. Capital Projects Update

GM Deutsch reported that he and the design team have met with CalVet a couple of times in March and have had a good dialogue about their involvement in the State Veterans Cemetery. He also met with the Orange County Fire Authority as they are having a big push for training. Staff have been lowering the flag at Gypsum Canyon during inclement weather. We are currently flying a 30’x50’ flag so we will see how the reduction in size goes as far as the wear and tear on the flag. GM Deutsch stated that OC Fire helped on the most recent flag raising. Trustee Hatch asked if it gave a poor impression with all the raising and lowering of the flag. GM Deutsch said that, considering if the line breaks it is a \$7,000 to \$8,000 bill to repair it, these precautions are necessary.

GM Deutsch said he met with Nick Berardino of VALOR and the Fire & Police personnel to discuss the status of the First Responders section that is being planned for the new public cemetery.

GM Deutsch stated that he met with the Development Team and County Staff to discuss the city’s review of documents, the Peer Review Study, and the timeline. There is nothing new to report.

For the fence repair at El Toro Memorial Park, the left side of the front entrance fencing as you are entering the park has now been completed.

He also reported that he is still working with Steve Quintanilla and Colin Kirkpatrick and Fairhaven about the upcoming road closures at Santa Ana Cemetery.

The Fixed Asset Accounts report shows costs of about \$17,000 have been paid to date for existing cemetery improvements and about \$700,000 have been paid for new cemetery development. For equipment the bill for the tractor that was just received by El Toro Memorial Park will be forthcoming. The other piece of equipment will fall under next year’s budget.

GENERAL COUNSEL REPORT

Counsel Quintanilla noted that anytime a Trustee attends a conference that the District paid for they are required to report out on that event at the next Board Meeting. He had no updates for the Board on cemetery district law.

mmw
Chair

MS
Secretary

NEW BUSINESS

Since the auditors were not in the meeting yet, GM Deutsch recommended that they proceed to Item B of New Business.

B. LAFCO Regular Special District Member Seat

GM Deutsch informed the Board that the Orange County Local Area Formation Commission (OCLAFCO) will be holding an election for the Regular Special District Member seat. He reminded the Board that Jim Fisler had attended a previous Board Meeting seeking the Board’s support for his re-election. GM Deutsch noted that the other candidate is Joe Muller, who is a Board Member of the South Coast Water District. The Board did not have any nominations to offer for this seat but GM Deutsch said that the Board would need to take action to authorize the completion of the Declaration of Qualification to Vote. He stated that in the past, the Board Chair is selected as the Regular Voting Member and the Board Vice Chair is selected as the Alternate Voting Member.

MOTION: of Trustee Hatch, seconded by Trustee Rivers and carried by a vote of 3-0 (Chair Ward and Vice Chair Marroquin-Waldram absent for the vote), authorized staff to submit the 2024 Declaration of Qualification to Vote with Chair Ward as the Regular Voting Member and Vice Chair Maribel Marroquin-Waldram as the Alternate Voting Member, and to submit the form to OCLAFCO by the April 15,

GM Deutsch recommended that the Board move to Board Comments at this time.

BOARD COMMENTS

A. CSDA Fiscal Committee Meeting, March 7, 2024 (Via Zoom)

Vladimir Anderson reported that he attended this meeting remotely and it was very brief. It only lasted about 15 minutes.

B. Retirement Lunch for Bill Stelter, March 22, 2024 in Santa Ana, CA

Trustee Rivers said it was a very nice lunch with almost forty people attending. It was nice to see some of the staff from funeral homes in attendance.

GM Deutsch announced that Erika Partida from the auditing firm of Eide Bailly had now joined the meeting via Zoom. The Board moved back to New Business, Item A at this time.

NEW BUSINESS

A. Independent Auditor’s Report

Brenda Manriquez introduced Erika Partida of Eide Bailly who gave a presentation on the audit for fiscal year ending June 30, 2023. Brenda Manriquez explained that normally the audit is presented to the Board earlier in the year, but there were some delays implementing new GASB requirements. Brenda noted that she did already submit for the GFOA budget award.

mmw
Chair


Secretary

Ms. Partida discussed the four documents included in the audit, the first being the governance letter. This letter summarizes the key points of the audit and its conclusions and is sent to those charged with governance of the District. She stated that the audit is conducted according to the Generally Accepted Auditing Standards and Government Auditing Standards and they have complied with all relevant ethical requirements. She highlighted the significant accounting estimates that are a key part of the financial statements as they are based on management's current judgments. The most sensitive accounting estimates are the determination of fair value of cash and investments, OPEB liability and net pension asset liability. She stated that 1% increase or decrease in the discount rate can have a significant effect on the District's net pension asset liability and on the District's OPEB liability. Ms. Partida announced that the auditors found no difficulties in dealing with management and there were no uncorrected misstatements and no disagreements with management identified as a result of the audit.

Ms. Partida did state that there was an instance of non-compliance explaining that the General Fund exceeded appropriations by \$1,132,852 due to unbudgeted salaries and employee benefits, services and supplies, debt service and capital expense outlay expenditures. The District used the Economic Uncertainty Fund for unanticipated expenditures in the General Fund, including \$134,000 for salaries and benefits expenditures and \$97,776 for services and supplies, against the \$1,132,852 excess expenditures. Brenda Manriquez said that a description of that finding was also reported on pages 3 and 4 of the Generally Accepted Government Auditing Standards letter. Brenda said that the Board should not be alarmed. Of the \$900,000 remaining after the Economic Uncertainty Fund was used, \$610,000 was for the first loan repayment, which was not budgeted due to the timing of budget preparation and the finalization of the budget documents. The other \$295,000 is for the flag pole installation at Gypsum Canyon for which the District received reimbursement. Brenda Manriquez said that staff knew these overages were going to happen. She stated that she will continue to monitor expenses and may recommend a budget adjustment if something similar ever happens again. GM Deutsch agreed adding that this was no surprise. He said he will be looking at this twice a year when debt payments are being made and do a transfer to cover the expense.

The third attachment reviews the Appropriations Limit Calculation. Ms. Partida stated that no exceptions were found as a result of this procedure.

The final document was the Annual Comprehensive Financial Report. Ms. Partida confirmed that Eide Bailly is issuing an unmodified, clean opinion of the District's financial statements. Brenda Manriquez advised the board that there were several references to the \$20 million loan and how it appears in the financial statements. She also mentioned that GASB 96, which deals with subscriptions, had no impact on the District's financial statements.

Trustee Hatch asked if there was a single paragraph that will give him peace of mind. Ms. Partida confirmed that in the auditor's opinion, the financial statements present fairly in all material aspects. Other than the one item discussed, it is a clean, unmodified opinion.

ITEMS FOR FUTURE AGENDAS - None

ANNOUNCEMENTS

mmw
Chair

MJ
Secretary

O.C.C.D. – Minutes

April 2, 2024

- A. **ISDOC Quarterly Meeting, April 25, 2024 at 11:30 a.m. in Fountain Valley**
Trustee Rivers said that she would like to attend this meeting.
- B. **CSDA Professional Development Committee Meeting, May 2, 2024**
Trustee Anderson will be attending this meeting remotely.
- C. **Memorial Day Programs, May 27, 2024**
Santa Ana Cemetery 10:00 a.m.
Anaheim Cemetery 11:00 a.m.
El Toro Memorial Park 11:00 a.m.

GM Deutsch mentioned that he got asked by CSDA to sit on a review panel for the exam questions for the General Manager Certification program. Both he and Board Secretary, Mary Funk will be attending the General Managers Summit in June which will be held in Anaheim on June 23rd to the 25th.


Trustee Rivers also commented that she is the CSDA Representative for the California Association of Public Cemeteries. GM Deutsch said he would forward her the contact information for Chris Palmer who is the CSDA Senior Public Affairs Field Coordinator for the Southern Network.

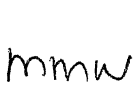
The next regular meeting will be held on **Wednesday, April 10, 2024**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

There being no further business, the meeting was adjourned at 11:05 a.m.

DocuSigned by:

 A2CB1A88A0B4489...
 Chair


 Secretary


 Chair


 Secretary