FINAL DRAFT

Countywide Service Review for: Public Cemetery Districts

LAFCO 3245

LAFCO

for San Bernardino County

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Accepted and Filed _____

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Executive Summary

This service review consists of a countywide service review for public cemetery districts within San Bernardino County. It fulfills the service review requirements identified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et. seq.).

LAFCO has a state-mandated role to review the ability of an agency to provide a service, if that service is efficient and effective, and if the agency is accountable for community service needs. In order to focus on LAFCO's mandate, this service review forgoes lengthy descriptions and explanations, instead referring to other documents, inserting footnotes, or providing further description in Appendix B.

Approach

The primary objective of this service review is to provide the Commission with recommendations to: (1) update the determinations from previous service reviews, (2) initiate sphere of influence updates where appropriate, and (3) monitor specific agencies where appropriate.

This Executive Summary summarizes the content of the report, identifies key facts found during the report's preparation, and lists recommendations for Commission action. Additionally, staff has identified an opportunity for the agencies and the cemetery community at large to consider – this does not have recommendations for Commission action.

The structure of this Executive Summary is as follows:

1. What Did We Learn?
2. Opportunity for At-Large Consideration
3. Barstow Cemetery District
4. County Service Area 29
5. County Service Area 82
6. Twentynine Palms Public Cemetery District

1. What did we Learn?

The following are items that LAFCO learned during the service review process. The items below are for all the audiences for this report (governing bodies, District staff, LAFCO Commission, and the public).

Cemetery Services - General

1-1 If not owned by a city or fraternal or beneficial association or society, public cemeteries are under the jurisdiction and control of the board of supervisors of the county in which they are situated.

1-2 Board of Trustees are appointed by the County Board of Supervisors.

1-3 The Board of Trustees can consist of either three or five members.

1-4 The County Board of Supervisors may appoint itself to the board of trustees and the Board of Supervisors may divest itself of that authority.

1-5 At the outset, the county treasurer shall act as the district treasurer, and shall receive no compensation for the receipt and disbursement of money of the district.

1-6 Cemetery districts, its board members, and officers, shall not engage in the business of selling monuments or markers. This is an absolute prohibition. However, cemetery districts are permitted to sell items that are necessary or convenient to internments such as burial vaults, liners, flower vases – excluding monuments or makers.

1-7 A cemetery district may lease unmarked land to a public agency for recreational use.

1-8 A district may convey a cemetery owned by the district to any cemetery authority.

1-9 Funds are to remain under the control of the county treasurer if annual revenues are less then $500,000. Districts with revenues over $500,000 can appoint their own treasurer and manage their own funds.

Economic/Staffing Challenges

1-10 Districts rely primarily upon property tax, special taxes, fees for service, and development mitigation fees, and have little opportunity to increase fees. The most significant financing constraints for services are legal requirements that limit property taxes and require voter approval of new taxes and tax increases. Because agency financial resources are primarily tied to property taxes, districts continue to be greatly affected by the Great Recession. Several agencies are exploring additional revenue sources to sustain service levels.

1-11 Throughout California, the rapidly escalating pension obligations are pushing some agencies to the brink of insolvency, forcing them to slash spending for not only safety services but other municipal services as well. To close budget gaps, a proliferation of

revenue measures has been presented to voters throughout California with mixed results. Land use planning has also been impacted as agencies look to promote development that maximizes property tax and/or sales tax revenues.

1-12 An agency may appear to be cash solvent, budget solvent, and long-run solvent, yet it may not be service-level solvent. Service level solvency is the ability of an agency to fund the services at levels that its citizens desire. An agency may appear to be financially solvent, but it may not be able to support general activities at an adequate level. An increase in service level or large expense would affect cash, budget, or long-run solvency.

1-13 Increasing pension payments as a percentage of general fund spending will affect an agency's ability to fund operations and capital investment of all general fund activities, to include but not limited to fire protection, emergency medical services, law enforcement, park and recreation, streetlighting, roads, social services, etc…. In other words, increasing pension and OPEB payments affect service level solvency.

2. Opportunity for At-Large Consideration

LAFCO encourages the cemetery districts to consider or further the following opportunity:

2-1 Tell your own story. Cemetery districts are relatively unknown to the community. It is important for each district to tell their own story so their constituents and other elected officials can better understand how these important services are provided and governing bodies can make more informed decisions.

3. Barstow Cemetery District

3-1 LAFCO concludes that the Barstow Cemetery District:

a. From an organizational perspective, has historically lacked the proper foundations on governance, and the financial resources to adequately fund bookkeeping and the overall operations of a special district. In response to the First Draft, the District identifies that it is currently searching for a financial advisor.

b. Experienced frequent changes in personnel, as well as limited financial resources, perpetuating the District's ongoing operational issues.

c. Operated without legal counsel until October 2020, exposing the District to unnecessary risk. In response to the First Draft, the District identifies that it has retained legal counsel.

d. Is making strides to organize the office records, and there is movement towards digitization of the plot mapping.

e. Infrastructure is adequate, in light of revenue and operating constraints, and irrespective of the water and well issues. As for the water well issues, in response to the First Draft, the District states that Mojave Water Agency has offered their experience and professional resources to implement a plan for significant water reduction along with grounds beautification.

f. As of October 1, 2020, the most recent available audit for the District is for FY 2016/17. Therefore, this service review does not include a complete and accurate financial analysis for the District.

g. General Fund is operating on a running deficit.

h. The circumstances identified by the 2013/14 Grand Jury have returned.

i. Current auditor has made so many ledger and journal entries that it can no longer conduct an independent audit, as its role shifted from independent auditor to bookkeeper.

j. Endowment Fund appears to be healthy, with annual increases in the fund balance and relatively minor transfers out.

3-2 LAFCO recommends that the Barstow Cemetery District should focus on the implementation of governance and financial policies and practices.

3-3 LAFCO determines that continued monitoring take place for the Barstow Cemetery District. The first status report is scheduled for LAFCO's May 19, 2021 meeting.

4. County Service Area 29

4-1 This review has no conclusions or recommendations for County Service Area 29.

5. County Service Area 82

5-1 For CSA 82, LAFCO concludes that:

a. Should there be a discontinuance of water or electricity service by Searles Valley Minerals, CSA 82, as the responsible and liable entity for the cemetery, would be responsible for providing a mechanism to assure water and electrical service.

b. Should the Searles Valley Cemetery Association cease capability to provide operations and maintenance of the cemetery, then the County Board of Supervisors would assume control of the cemetery operations and management.

c. CSA 82 has not conducted an inspection of the cemetery or its operations for some time, thereby exposing the County to any material weaknesses or significant deficiencies, should any exist. The County is currently conducting an operational inspection of the Searles Valley Cemetery Association practices and procedures. The County conducted its most recent onsite facility inspection in October 2020.

5-2 LAFCO recommends that:

a. The County renew the agreement with the Searles Valley Cemetery Association prior to the agreement's termination in August 2022, to include the clause whereby the County indemnifies the Cemetery Association. In response to the working copy of this service review, County Special Districts indicates that it intends to renew the agreement with the Searles Valley Cemetery Association.

b. The County periodically inspect the cemetery and its operations. In response to the working copy of this service review, County Special Districts identifies that it has placed the cemetery into its quarterly facility routine inspections and that it will generate and file a quarterly formal report.

6. Twentynine Palms Public Cemetery District

6-1 LAFCO concludes that:

a. The Twentynine Palms Cemetery District suffers from historical governance and operational challenges resulting in lack of continuity, training, and numerous structural deficiencies due to neglect and maintenance backlog. The two previous general managers of the Twentynine Palms Cemetery District were terminated with cause based on evidence of misconduct pertaining to suspected embezzlement and fraud. The successive general managers were terminated in 2012 and 2020, respectively. In both cases, according to court records, the defendants pleaded guilty to embezzlement. Restitution was ordered and satisfied in the first case and is pending for the second case.

b. Since Spring 2020, current District staff have commenced with governance training, general upkeep, correcting structural deficiencies, and health and safety improvements.

6-2 LAFCO determines continued monitoring take place for the Twentynine Palms Public Cemetery District, with the first status report scheduled for LAFCO's May 19, 2021 meeting.

Part I: Introduction
SECTION 1: The Service Review Process

Purpose of Report

The California State Legislature established the Public Cemetery District Law in 1909. It authorized the creation of public cemetery districts to assume ownership and operation of burial grounds, and to provide interment services from fraternal, pioneer, religious, social and other organizations that were unable to maintain those cemeteries.

Cemetery districts give communities the means to publicly finance cemetery operations, and to provide respectful and reasonably priced interment services, particularly in rural or semi-rural areas of the state. Public cemeteries in California are among the earliest and oldest public facilities in the state. They did not exist before the public cemetery district law was enacted in 1909.

Within San Bernardino County, there are two independent public cemetery districts - the Barstow Cemetery District and the Twentynine Palms Cemetery District, each with an independent governing Board of Trustees. In addition, the County is home to two additional dependent cemetery districts - one within County Service Area 82 (Searles Valley) and one within County Service Area 29 (Lucerne Valley). Both are under the jurisdiction and control of the San Bernardino Board of Supervisors.

Report Scope

The service review fulfills the requirements as identified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et. seq.). In general, service reviews evaluate how agencies currently provide municipal services within their service area and the impacts on those services that may occur over the long-term due to population growth and other issues. While most reports limit an agency evaluation to its current boundary, service reviews take a broader view and explore, where appropriate, a full range of service provision options that are not limited by existing agency boundaries.

Given the countywide scale of this review, this approach provides value to the Commission, the affected agencies, and the public by focusing on those areas and agencies that face significant challenges in the short and long-term.

Report Objective

At a minimum, service reviews require LAFCO to prepare written statements of six determinations:

1. Growth and population projections for the affected area;

2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;

4. Financial ability of agencies to provide service;

5. Status of, and opportunities for, shared facilities; and,

6. Accountability for community service needs, including governmental structure and operational efficiencies.

LAFCO may then use this service review as a basis to:

- Initiate a focused service review for an agency or defined area.

- Continue to monitor an agency. Periodic updates will be presented to the Commission until the Commission determines otherwise.

- Initiate agency sphere of influence updates, where warranted, to help address identified service deficiencies. "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (§56076). Spheres are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct service reviews was established to acknowledge the importance of spheres, and recognize that periodic updates of agency spheres should be conducted with the benefit of current information available through service reviews.

Methodology

San Bernardino LAFCO conducted its initial round of service reviews on a community-by-community basis, consistent with its sphere of influence policies, addressing the full range of public services. In April 2016, in an effort to more efficiently conduct the mandatory service reviews, the Commission modified the scope of all of the second round service reviews to address individual services on a countywide basis. The first round exposed us to the community as a whole and how the organizations operate. The second round is to take a holistic approach to the service, while updating agency reviews from the first round.

Agency Outreach

LAFCO staff conducted an extensive outreach effort with the agencies addressed in this report, including, but not limited to:

- *Questionnaire and Survey*. LAFCO requested each cemetery district to complete a questionnaire and a confidential online survey.

- *In Person Interviews*. LAFCO staff met individually with staffs from the Barstow Cemetery District and the Twentynine Palms Cemetery District. In addition, interviews

were conducted with County Special Districts staff regarding public cemeteries within CSA 29 (Lucerne Valley Memorial Park) and CSA 82 (Searles Valley Cemetery).

- *Working Copy*. Each agency was provided with a working copy of its agency profile for review and input.

- *First Draft*. Each agency and stakeholder was provided with the first draft of the service review for review and comment. No comments were received. (Appendix A to this service review).

- *Notice of the LAFCO hearing*. LAFCO provided the required notice of the Commission hearing to all agencies, stakeholders, and interested parties, which is also noticed on the LAFCO website.

- *Staff report with final draft*. The staff report, outlining recommendations for Commission action, along with the final draft, was provided to all agencies, stakeholders, and interested parties, which is also available on the LAFCO website.

Sources:

This service review relies upon all the cemetery districts in the county, a review of plans and studies of the said agencies and associations within the county, and a review of the literature. LAFCO staff also utilized the use of GIS mapping and aerial imagery to identify population growth areas and disadvantaged communities. LAFCO conducted interviews in the field with specific agencies.

Report Organization

Part I – Introduction

- Section 1 – The Service Review Process

- Section 2 – What is a Public Cemetery District?

Part II – District Service Reviews

Appendix A – Comments to the First Draft with LAFCO Staff Responses

Appendix B – Acronyms and Definitions

Appendix C – Primers

The map on the next page displays the four cemetery districts within the county.

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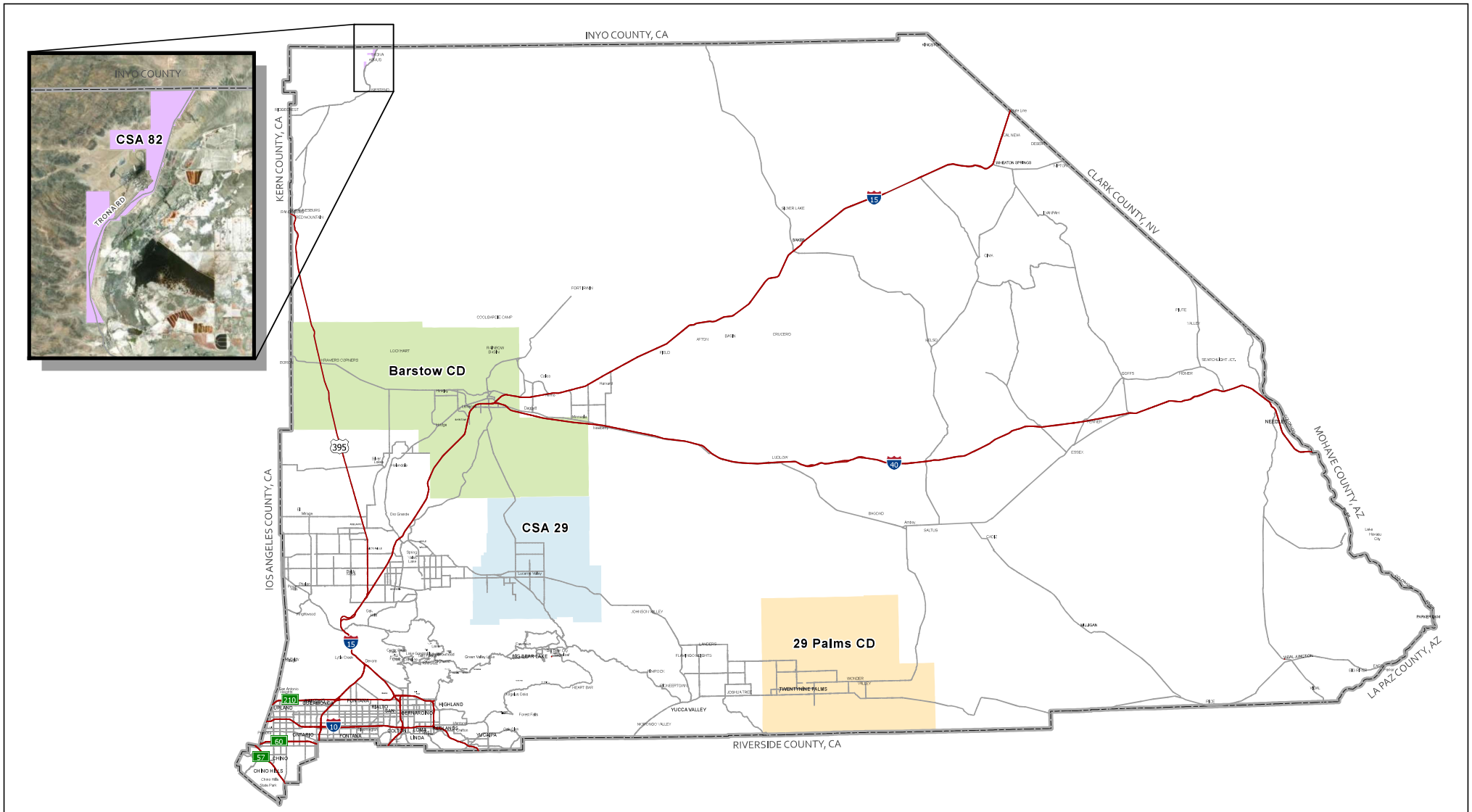

San Bernardino County Cemetery Service Providers Overview

LAFCO

Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

0 10 20 40 Miles

N

- Barstow Cemetery District
- County Service Area 29
- County Service Area 82
- Twentynine Palms Cemetery District

Author: Jeffrey Lum Map Created: 8/11/2020

Part I: Introduction
SECTION 2: What is a Public Cemetery District?

Cemetery districts are authorized to provide standard cemetery functions, including land acquisition, cemetery maintenance, interment/disinterment services and grounds keeping. In private religious and fraternal cemeteries, the costs of these services are reflected entirely in the prices of grave spaces, burial fees, and charges against endowment funds. Public cemetery districts finance these services through property taxes and fees for services (i.e. the sale of burial plots, charges for openings, and setting of markers).

Public cemeteries are among the earliest and oldest public facilities in the state and were in existence prior to the enactment of the first public cemetery district law in 1909. Public cemetery districts are organized and have powers pursuant to Division 8 of the California Health and Safety Code relating to cemeteries and specifically pursuant to the Public Cemetery District Law (Health and Safety Code §9000 et seq.). This law was revised in its entirety and re-codified effective January 1, 2004.

Public cemetery districts are special districts that are legally separate from any other unit of local government. A governing body composed of three or five members is solely responsible for all aspects of district operations. Trustees, who must be registered voters within the district, are appointed by county board of supervisors to fixed, four-year terms of office. Alternatively, a board of supervisors can appoint itself as the board of trustees. Today, there are 253 public cemetery districts in California, including four districts in San Bernardino County (two independent and two dependent). Cemetery districts rank fourth in the total number of special districts in California, behind water districts, fire districts and community services districts.

Benefits to Residents Residing within a Cemetery District

The key benefit for residents residing in a public cemetery district is access to low-cost burial and, if available, cremation services. The Health and Safety Code prescribes those who may be interred in district cemeteries. The deceased should have been a resident or taxpayer of the district, or former resident or taxpayer of the district who purchased lots prior to leaving the area or selling his/her land. Family members are eligible for interment but are limited to spouses, grandparents, children and siblings. The law mandates that districts have local policies and fees for non-residents.

Fiscal Challenges Facing Public Cemetery Districts

Unlike most special districts, cemetery districts do not hold monopoly service authority. Private cemeteries, both religious and secular, can and do compete with public cemeteries particularly in more urbanized areas. Therefore, existing cemetery districts face market pressures usually not associated with the delivery of most other government services. As a result, the formation of new public cemetery districts has been uncommon in California.

Relationship between Counties and Public Cemetery Districts

From a governance and financial perspective, public cemetery districts have a unique relationship with counties. For example:

- Board trustees of cemetery districts are appointed by a county board of supervisors to fixed, four-year terms of office. Alternatively, a board of supervisors can appoint itself to be the board of trustees.

- For those cemetery districts with annual revenues of $500,000 or less, the county treasurer serves as the district treasurer and receives no compensation for the receipt and disbursement of money of the district. (If a district has total annual revenues of $500,000 or greater, the district may withdraw its funds from control of the county treasurer, appoint its own district treasurer, and manage its own funds.)

- A board of supervisors, at the request of the district board of trustees, may increase or decrease the number of members of the board of trustees.

- A cemetery district may request the purchasing agent of the county to make purchases of materials, equipment, or supplies on its behalf or may request the purchasing agent of the county to contract with persons to provide authorized projects, services, and programs.

- Existing law allows special districts to get cash advances from the county treasurer to pay authorized expenses. Government Code §53961 allows cemetery districts to have larger revolving funds with the county treasurer (up to 110 percent of one-twelfth of the district's adopted budget for that fiscal year) than most special districts.

PART II:
District Profiles and Reviews

Section 1: Barstow Cemetery District

Section 2: County Service Area 29

Section 3: County Service Area 82

Section 4: Twentynine Palms Public Cemetery District

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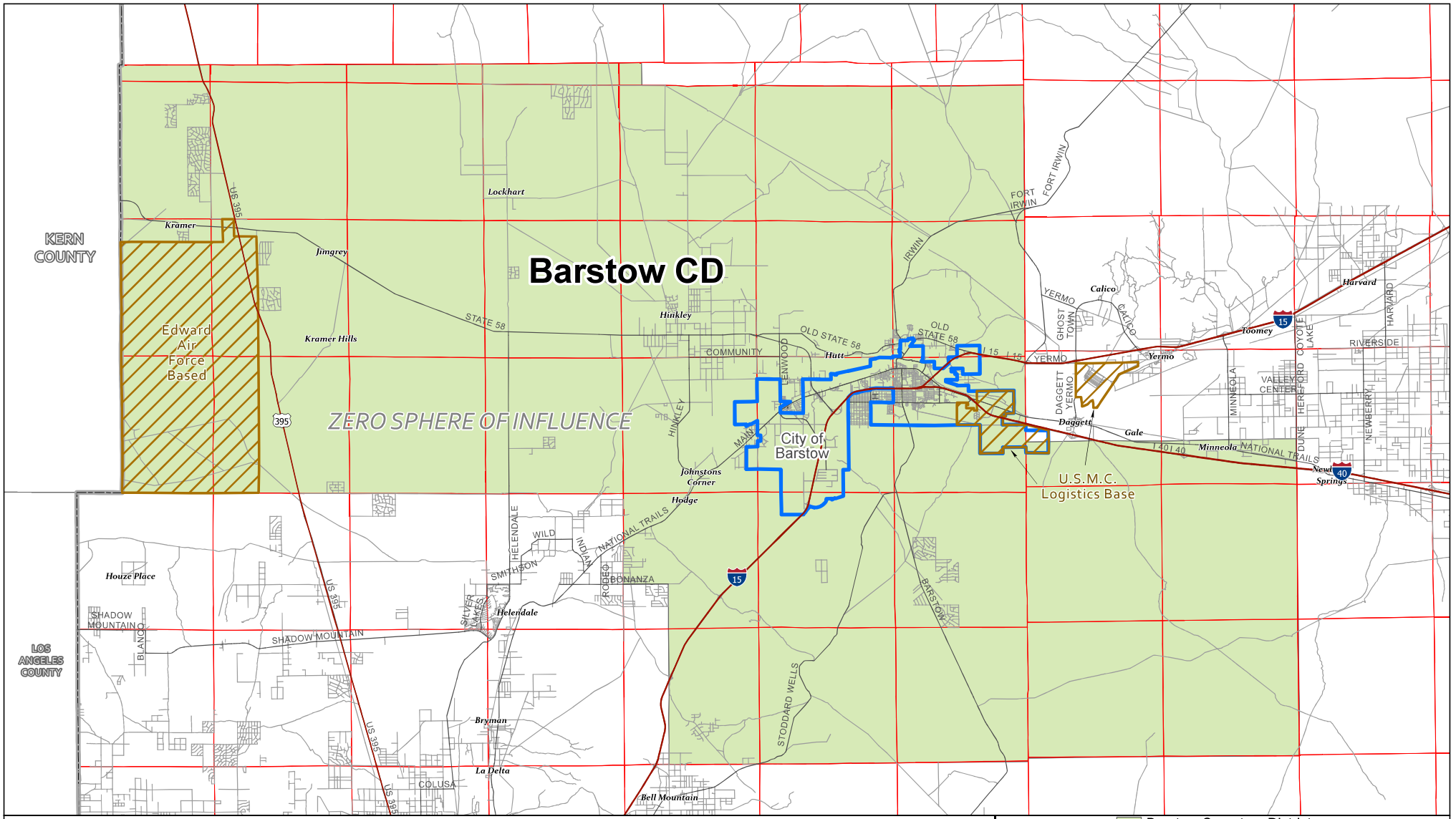

Barstow Cemetery District

Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

0 2.5 5 10 Miles

N

- Barstow Cemetery District
- City of Barstow
- San Bernardino County Line
- Military Base
- SBCISD01.adjacent_counties

Author: Jeffrey Lum Map Created: 8/5/2020

1. LAFCO Conclusion and Recommendation

LAFCO concludes that the Barstow Cemetery District:

- *From an organizational perspective, has historically lacked the proper foundations on governance, and the financial resources to adequately fund bookkeeping and the overall operations of a special district. In response to the First Draft, the District identifies that it is currently searching for a financial advisor.*

- *Experienced frequent changes in personnel, as well as limited financial resources, perpetuating the District's ongoing operational issues.*

- *Operated without legal counsel until October 2020, exposing the District to unnecessary risk. In response to the First Draft, the District identifies that it has retained legal counsel.*

- *Is making strides to organize the office records, and there is movement towards digitization of the plot mapping.*

- *Infrastructure is adequate, in light of revenue and operating constraints, and irrespective of the water and well issues. As for the water well issues, in response to the First Draft, the District states that Mojave Water Agency has offered their experience and professional resources to implement a plan for significant water reduction along with grounds beautification.*

- *As of October 1, 2020, the most recent available audit for the District is for FY 2016/17. Therefore, this service review does not include a complete and accurate financial analysis for the District.*

- *General Fund is operating on a running deficit.*

- *The circumstances identified by the 2013/14 Grand Jury have returned.*

- *Current auditor has made so many ledger and journal entries that it can no longer conduct an independent audit, as its role shifted from independent auditor to bookkeeper.*

- *Endowment Fund appears to be healthy, with annual increases in the fund balance and relatively minor transfers out.*

LAFCO recommends that:

- *The Barstow Cemetery District should focus on the implementation of governance and financial policies and practices.*

- *Continued monitoring take place for the Barstow Cemetery District. The first status report is scheduled for LAFCO's May 19, 2021 meeting.*

2. Overview and Brief History

The Barstow Cemetery District is an independent special district formed in 1947 following approval by the County of San Bernardino Board of Supervisors and the electorate. The District's boundaries have not changed since its formation and comprise approximately 1,111 square miles. The District's service area includes the City of Barstow and territory southwest of Fort Irwin; east of Daggett and Yermo communities; north of the Victor Valley communities of Apple Valley, Helendale and Victorville; and east of the Kern County line. The District's governing board consists of five trustees appointed at-large to four-year staggered terms.

Currently, the Barstow Cemetery District manages one cemetery - Mountain View Memorial Park - located at 37067 Irwin Road, Barstow. Mountain View Memorial Park started as a "for profit" cemetery in the 1930s and, as referenced above, transitioned to a public cemetery managed and operated by an independent special district in 1947. According to the Memorial Park's website, there are approximately 8,900 interments in this cemetery.

3. Boundary and Sphere of Influence Review

This review identifies no boundary or sphere of influence matters for the Barstow Cemetery District.

4. Previous Service Review and Other Reports

A. 2008 Service Review

LAFCO conducted the first service review for the Barstow Cemetery District in 2008. At that time, LAFCO staff raised concerns regarding the District's fiscal health, lack of a master plan, and non-compliance with providing annual audits and budgets to the State Controller and County Auditor. Based on the determinations in the 2008 service review, LAFCO designated a zero sphere of influence for the District and stated its position that either the County of San Bernardino or the City of Barstow succeed to the cemetery's operations. The Commission also referred the matter to the County Auditor for further investigation of the District's financial matters with notification to the Grand Jury.[1]

B. San Bernardino County Grand Jury

The 2009/10 San Bernardino County Grand Jury reviewed the District's operations, expenditures, and bookkeeping methods utilized by the District. The 2009/10 Grand Jury Report issued findings and assigned recommendations to improve the District's operations to LAFCO, County Special Districts Department, County Auditor, and the

[1] http://www.sbcounty.gov/uploads/lafco/proposals/servicereviews/barstow/Reso_3039_LAFCO_3034.pdf

District.[2] As required by law, each agency provided a response to the Grand Jury's recommendations.[3] Over the next year, the following actions occurred:

- Representatives from LAFCO and County Special Districts Department attended the District's November 10, 2010 meeting to discuss the findings and recommendations from the Grand Jury Report.

- Following the November 10, 2010 District meeting, County Auditor and LAFCO staffs assisted District staff in an effort to address deficiencies in its operations.

The 2013/14 Grand Jury reviewed the 2009/10 recommendations to determine the District's compliance.[4] The 2013/14 report conclusion states that the District's operation has improved since the 2009/10 Grand Jury review. However, two recommendations were outstanding:

(1) The Barstow Cemetery needs to again look into the possibility of drilling its own well for water.

The District offered the following response to the 2013/14 Grand Jury:

> *"The District received a grant from former First District Supervisor Brad Mitzelfelt in the amount of $31,000.00 for this project and construction of the new well was started in May 2013. According to the [former] General Manager, the electrical wiring should be installed within the next two months and the new well will be up and running."*

On LAFCO's September 25, 2020 site visit, District staff impressed that the well has not worked since the time of their employment, roughly 2017. The use of the $31,000 grant is unclear to District staff.

(2) The Barstow Cemetery needs to contact the California Association of Special Districts and consider joining so they can obtain health insurance and workers compensation at a considerable savings.

5. Growth and Population Projections

The District's population is primarily concentrated in the Barstow area. Outside of Barstow, the population is relatively sparse. As shown in Figures 1-1 and 1-2 below, the population estimates for 2012 and 2040 do not identify any significant growth areas.

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[2] https://wp.sbcounty.gov/grandjury/wp-content/uploads/sites/15/2019/10/2009-10-Grand-Jury-Final-Report.pdf (beginning on page 51)
[3] https://wp.sbcounty.gov/grandjury/wp-content/uploads/sites/15/2017/10/responses0910.pdf [PDF pages 6-7 (County Special Districts Department), 9 (County Auditor), 20-21 (LAFCO), 28-29 (Barstow Cemetery District)]
[4] https://wp.sbcounty.gov/grandjury/wp-content/uploads/sites/15/2017/10/2013-14-Final-Report.pdf (beginning on page 31)

Figure 1-1: 2012 Population

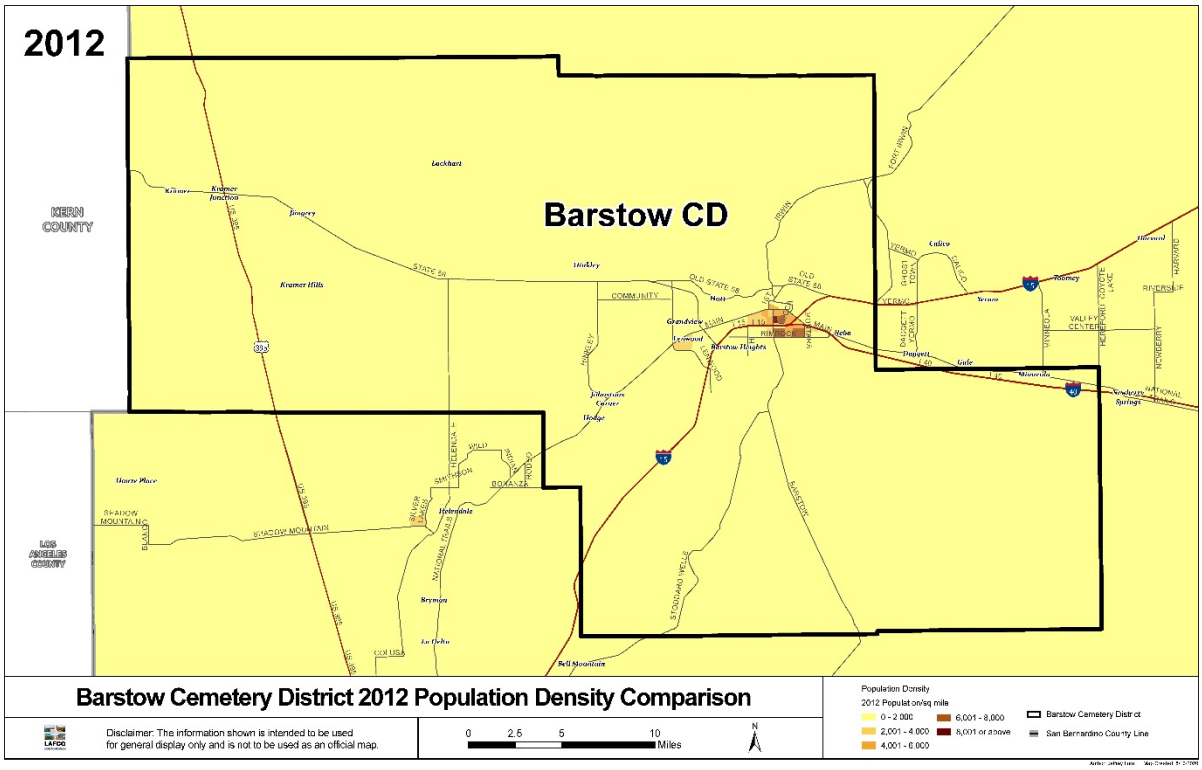
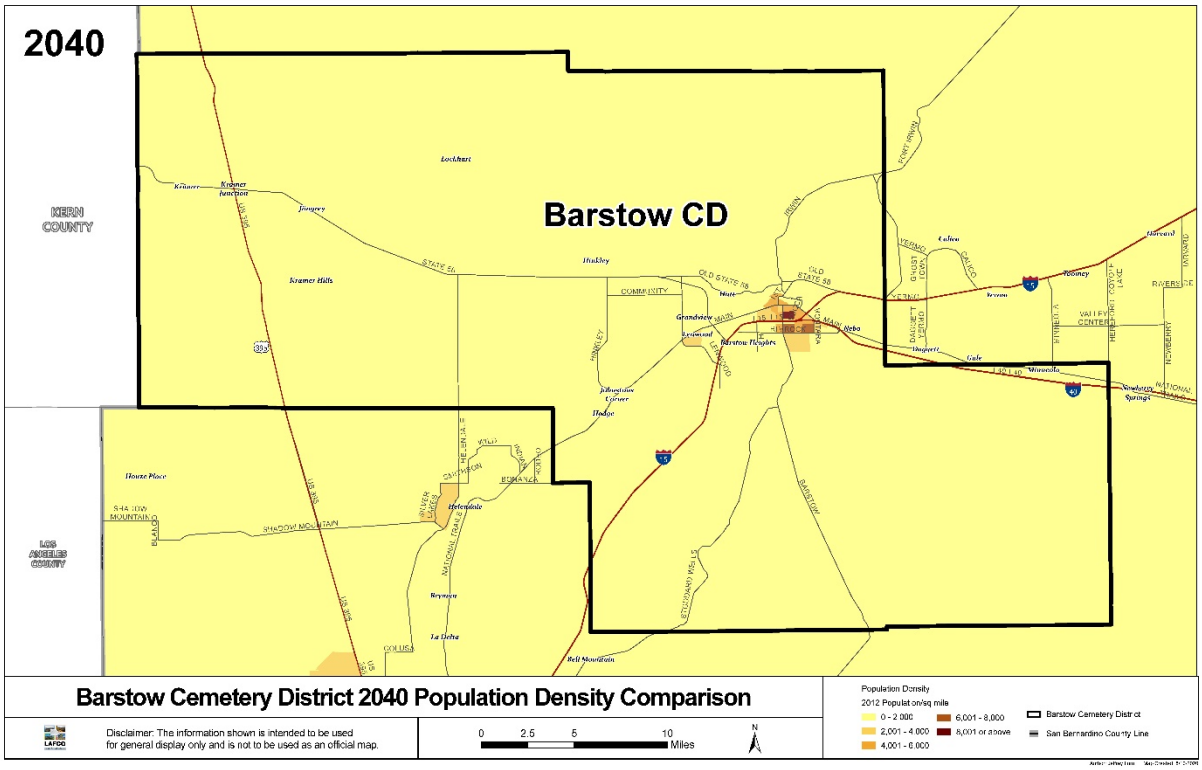


Figure 1-2: 2040 Population



6. Disadvantaged Communities, Location and Characteristics

State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas. More information on the laws and requirements regarding Disadvantaged Communities is available in Appendix C: Primers to this report.

The figure below identifies the location of the disadvantaged communities with the District overlay in blue outline. For this region, LAFCO uses a density factor of 1,500 people or more per square mile.

Figure 1-3:
Disadvantaged Communities with Population Density

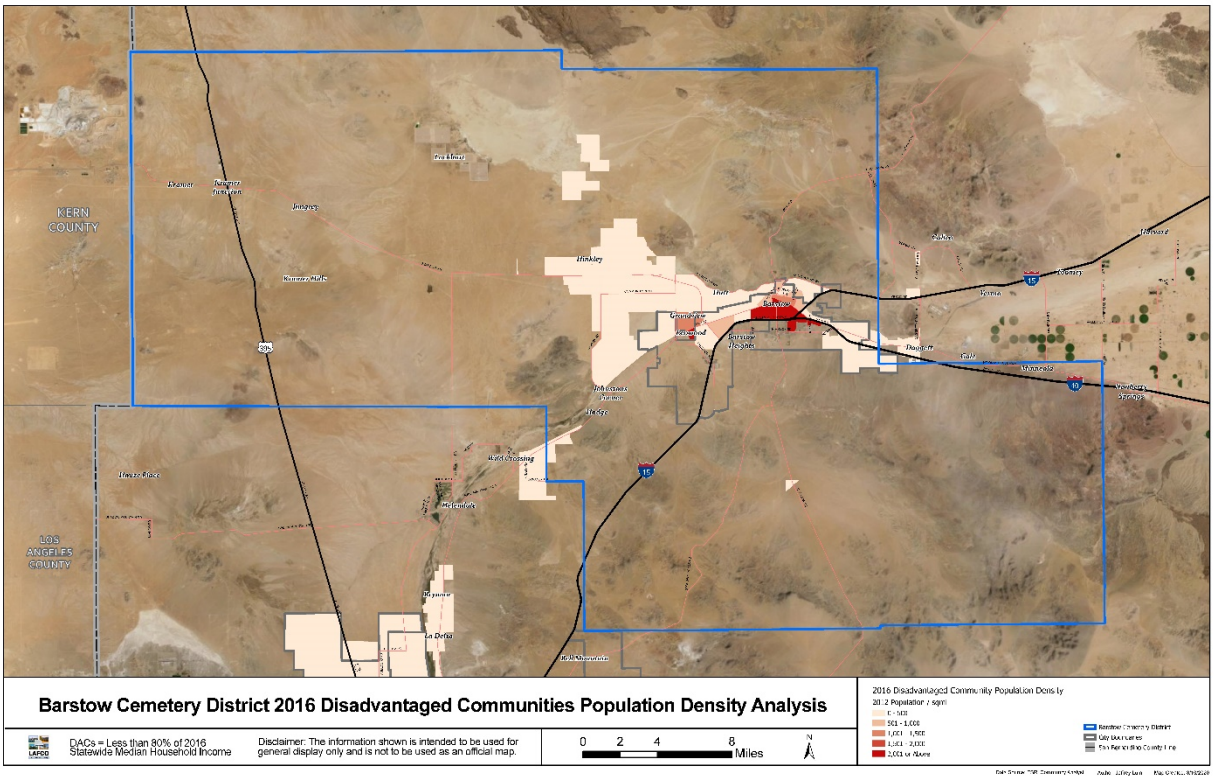


Table 1-1:
Characteristics of Disadvantaged Areas within Barstow CD

Population	11,853	Median Household Income	$38,529
Households	4,249	Per Capita Income	$19,162
Median Age	30.7	Unemployment Rate	19.8%

Source: ESRI, August 2020

7. Facilities and Services

The District completed a LAFCO questionnaire regarding governance and operations. The District's response is included at the rear of this agency's profile.

A. Present and Planned Capacity of Public Facilities

The District owns three parcels (one is vacant) comprising 22 acres. Two parcels contain the memorial park on 17 acres, and the vacant parcel comprises five acres. The site address of the memorial park—operated in the name of Mountain View Memorial Park—is 37067 Irwin Road, which is approximately one mile outside the City of Barstow corporate limits but within its sphere of influence.

According to the District, there are roughly 100 internments a year, with roughly 8,900 internments to date and 13 acres that are unmarked.

B. Adequacy of Public Services

The District board hired the current general manager in August 2016. She inherited an organization that lacked the proper foundations on governance, and the financial resources to adequately fund bookkeeping and the overall operations of a special district.

Frequent changes in personnel, as well as limited financial resources, have perpetuated the District's ongoing operational issues. Records, both internment and financial, have been subject to the methodology of the staff at that time, only for new records to have a different filing methodology. During LAFCO's site visit, the general manager explained and showed the disparate record keeping methods of previous administrations. The current general manager further explained and showed how she has reorganized the on-site internment records into a comprehensive methodology.

However, the available technology is not sufficient to conduct an efficient business. Hand-written plot maps remain in vellum/Mylar paper form at the District office with additional plot information housed in a DOS-based computer program. The District attempted to move towards a more comprehensive digital solution by contracting with a firm from Ohio to upgrade the District's existing BSM (Burial Space Manager) system into a modern product that incorporates plot information with plot mapping. LAFCO staff understands that this project has never been completed and it is unclear to District staff why the contractor has not delivered the program. Nonetheless, some type of conversion to a more user-friendly system would move toward an improvement in public service.

According to the District, it does not use legal counsel for its operations. However, for litigation matters, the District either hires legal counsel or has been covered by its insurance company. LAFCO's position is that operating without legal counsel exposes the District to unnecessary risk, which could lead to the need to have legal

counsel for representation. Since the August 2016 hiring of the current general manager, she estimates that there have been at least six litigation matters regarding prior employee errors regarding plots. In response to the First Draft, the District identifies that it has retained legal counsel beginning October 2020.

In sum, the historical level of service in light of revenue and operating constraints is not adequate. Strides have been made to organize the office records, and there have been efforts to digitize plot mapping. The availability of resources (fiscal, adopted service or work plans) are not present to provide adequate service.

Considering the income levels of existing households and the need for the public cemetery, efforts should focus on governance and training to build a proper foundation for future success.

C. Infrastructure Needs and Deficiencies

As noted previously by LAFCO in 2008 and the Grand Jury in 2009/10 and 2013/14, the District irrigates with domestic water and not from a well. The District identified that of its four wells, three do not work, and one is almost dry and will need to undergo well deepening. Domestic water from the Golden State Water Company is costlier than pumping untreated water from a well. The District pays the Water Company on average $10,000 to $20,000 per month, depending on the season. The District struggles to pay for its water consumption, and as of this writing, the District owes the Water Company roughly $80,000.

As identified as far back as 2008 service review, the District should repair its wells and/or convert to xeriscape landscaping. The District discussed the possibility with Golden State Water Company of extending a line from the Water Company's water source to the cemetery, and it was deemed not feasible. The District then turned to the Mojave Water Agency ("MWA") to seek assistance on a solution. As of this writing, MWA is partnering with the Mojave Desert Resource Conservation District to assist the District in the possible xeriscape conversion.

Unfortunately, as discussed in the financial review portion below, the General Fund is operating on a running deficit. Any major capital improvements, to include xeriscaping, would mostly need to come from a source other than the District. In response to the First Draft, the District states that Mojave Water Agency has offered their experience and professional resources to implement a plan for significant water reduction along with grounds beautification.

Irrespective of the well and water issues, the condition of infrastructure in light of revenue and operating constraints is adequate.

8. Financial Ability to Provide Services

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the agency's own financial documents (audits, budgets). Additionally, LAFCO's Fiscal Indicators Program shows fiscal trends for an

agency and allows for an agency comment. [5] The information below incorporates all of the information and sources identified above.

As of October 1, 2020, the most recent available audit for the District is for FY 2016/17. Therefore, this service review does not include a complete and accurate financial analysis for the District. The District has provided bookkeeper statements for FY 2017/18 and 2018/19.

A. Overview

Revenues are comprised of service fees, the District's share of the general property tax levy, and interest. The vast majority of the revenues are derived from service fees. The District utilizes the County for payroll and a local bank for paying invoices.

The 2009/10 Grand Jury recommended that the District hire a bookkeeper, keep monthly financial statements and prepare an annual budget. Whereas the 2013/14 Grand Jury stated that this recommendation was accomplished, the circumstances returned. During LAFCO's site visit on September 25, 2020, District staff stated that its current auditor had made so many ledger and journal entries that it could no longer conduct an independent audit, as its role shifted from independent auditor to bookkeeper. Therefore, the District should focus on the implementation of appropriate financial practices. In response to the First Draft, the District identifies that it is currently searching for a financial advisor.

B. Funds

The most recent audit for the District is for FY 2016/17. This portion of the report provides a comparative analysis for the six most-recent audits with a five-year variance is below (FY 2011/12 through FY 2016/17).

General Fund

The fund labeled "General" 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.

A trend of operating gains or deficits is a key indicator of the financial health of an agency. Table 1-2 shows the General Fund balance for the period of FY 2011/12 through FY 2016/17. The fund balance has decreased by 86% within five years with Total Revenues decreasing by 13% and Total Expenditures increasing by 2%. Expenditures generally exceed revenues, resulting in an annual decline in fund balance. The General Fund balance decline of 86% from $527,365 to $75,741 is of serious concern. During this period, annual expenditures varied slightly with some revenue fluctuation. This means that historically, revenues have not been adequate to support operations. For example, the District historically has not had adequate funds to cover payroll at the beginning of the

[55] http://sbclafco.org/FiscalIndicators/IndependentDistricts/TwentyninePalmsCemeteryDistrict.aspx

fiscal year. In turn, the County has fronted the payroll disbursement with the credited amount deducted from the District's proceeds of property taxes.

For the year ended June 30, 2017, the District reported an ending fund balance of $75,741, a decrease of $129,343 from the prior year. The Management Discussion and Analysis section of the audit states that, "This decrease was due to an increase due in overall expenses." At this time, any unexpected expenses could further challenge the General Fund, prompt service reduction, fee increases, or cause the General Fund to enter into negative territory and result in a running deficit. In short, the District lacks the availability of reasonable emergency reserves.

Table 1-2:
General Fund Balance - Audits

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 yr Var
REVENUES							
Charges for services	239,050	141,145	267,495	276,235	207,845	158,267	-34%
Property taxes	111,003	149,918	126,626	125,787	129,888	143,541	29%
Other	2,816	1,116	468	268	5,810	5,852	108%
Total Revenue	$ 352,869	$ 292,179	$ 394,589	$ 402,290	$ 343,543	$ 307,660	-13%
EXPENDITURES							
Salaries & Benefits	230,632	292,123	269,514	239,694	195,476	232,590	1%
Services & Supplies	191,517	192,426	186,237	181,335	117,071	199,426	4%
Total Expenditures	$ 422,149	$ 484,549	$ 455,751	$ 421,029	$ 312,547	$ 432,016	2%
Revenues less Expend.	(69,280)	(192,370)	(61,162)	(18,739)	30,996	(124,356)	
OTHER FINANCING							
Transfers In/Adjustments	48,891	3,340	(20,696)	5,999	5,565	11,443	
Trust Fund Adjust					(75,214)	(16,430)	
Fund Balance Begin	547,754	527,365	338,335	256,477	243,737	205,084	-63%
Fund Balance End	$ 527,365	$ 338,335	$ 256,477	$ 243,737	$ 205,084	$ 75,741	-86%

The District provided LAFCO with bookkeeper statements for FY 2017/18. The chart below summarizes the information. Note that this information has not been independently verified. As shown, the District experienced lower revenues and expenditures in comparison with previous years. Still, the year ended with a deficit of roughly $51,000 – further decreasing fund balance.

Table 1-3:
General Fund Profit & Loss – FY 2017/18

Gross Profit	$297,028
Total Expense	349,183
Other Income	1,473
Net Income	$(50,682)

The bookkeeper statements also identify that the General Fund owes substantial amounts to the Endowment Care Fund and Pre-Need Trust Fund. This reveals that the General Fund is operating on a running deficit. During the LAFCO site visit, District staff stated a prior administration paid the groundskeeper salaries from Pre-Need for at least one year. In turn, the General Fund owes the Pre-Need Fund for those expenses. Moreover, in the table below, the amount the General Fund owes the Endowment Fund and Pre-need Trust essentially double in one year.

Table 1-4:
General Fund Due To

	June 30, 2018		June 30, 2019	
	Due To:		Due To:	
	Endowment Care Fund	Pre-Need Trust	Endowment Care Fund	Pre-Need Trust
Due from General Fund	$13,078	$103,606	$21,551	$218,559

General Fund Liquidity

The Government Finance Officers Association ("GFOA") currently recommends that regardless of size, general-purpose governments should maintain unreserved fund balance in their General Fund of "no less than two months of regular general fund operating revenues or expenditures." A General Fund balance of a lesser level exposes the General Fund to the risk of not being able to meet cash flow requirements, economic uncertainties, or other financial hardships. As shown on the chart below, the District's unreserved fund balance has exceeded the general rule of more than two months of regular General Fund operating expenditures.

By this measure alone, it would seem that the liquidity of the District is adequate. However, when considering the Total General Fund balance (unreserved plus reserved), the liquid health of the District is of concern. As shown in Figure 4-3 below, total General Fund balance has decreased from $527,365 to $75,741.

Table 1-5:
General Fund Liquidity

General Fund (GF)	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Total GF expenditures	$ 422,149	$ 484,549	$ 455,751	$ 421,029	$ 312,547	$ 432,016
Unreserved GF fund balance	40,540	56,207	44,795	133,661	205,084	75,741
(as a % of total expenditures)	*10%*	*12%*	*10%*	*32%*	*66%*	*18%*
Total fund GF balance	$ 527,365	$ 338,335	$ 256,477	$ 243,737	$ 205,084	$ 75,741
(as a % of total expenditures)	*125%*	*70%*	*56%*	*58%*	*66%*	*18%*

sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Endowment Fund

The District maintains an Endowment Fund to account for the portion of the monies paid for every interned person to be held as a perpetual endowment. Pursuant to State law, the board of trustees may not spend the principal of the Endowment Fund. However, the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)). Note that in FY 2015/16, the District made a one-time transfer from the Endowment Fund to the General Fund. The purpose of the transfer was related to capital improvements. The figure below shows the fund balance of the Endowment Care fund for the same period.

The Endowment Funds appears to be healthy, with annual increases in the fund balance and relatively minor transfers out. However, it appears that the gains from interest are low for an endowment nearing $800,000. Recognizing the low returns, the District transferred a significant portion of its Endowment Funds from Wells Fargo to the Cooperative Funeral Fund.

Table 1-6:
Endowment Fund

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 yr Var
REVENUES							
Charges for services	13,239	24,351	24,930	32,039	22,889	27,016	104%
Interest & investment	3,736	2,332	8,791	10,860	20,747	1,506	-60%
Total Revenue	$ 16,975	$ 26,683	$ 33,721	$ 42,899	$ 43,636	$ 28,522	68%
EXPENDITURES	$ -	$ -	$ 10	$ -	$ -	$ -	
Total Expenditures	$ -	$ -	$ 10	$ -		$ -	
Revenues less Expend.	16,975	26,683	33,711	42,899	43,636	28,522	68%
OTHER FINANCING							
Other	29,787	(10,443)	7,036				
Transfers In (Out)	-	-	15,550	(6,000)	(5,565)	(11,443)	
Fund Balance Begin	581,333	628,095	644,335	700,632	737,531	775,602	33%
Fund Balance End	$ 628,095	$ 644,335	$ 700,632	$ 737,531	$ 775,602	$ 792,681	26%
***Endowment Principal**	$623,067	$643,334	$695,022	$727,085	$775,602	$792,682	27%

sources: Statement of Revenues, Expenditures, and Fund Balances and Balance Sheets

Pre-Need Burial Fund (fiduciary fund)

Fiduciary funds are used to account for assets held by the District as an agent or trustee for individuals, private organizations, other governments and/or other funds. The Pre-Need Burial Fund is a private-purpose trust fund that transfers funds from its earnings to the General Fund to finance burial expenditures.

The financial statements before FY 2015/16 do not provide separate accounting of the Pre-Need Fund. Therefore, a proper analysis of the Pre-Need Fund cannot be conducted.

Table 1-7:
Pre-Need Fund

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 yr Var
NET ASSETS							
Unrestricted							
Restricted					45,563	133,627	#DIV/0!
Total net assets	$ -	$ -	$ -	$ -	$ 45,563	$ 133,627	#DIV/0!
source: Statement of Fiduciary Net Position							

C. Capital Outlay

LAFCO staff did not notice any significant structural deficiencies during its site visit on September 25, 2020. The District does not have a master plan or capital improvement plan.

D. Pension Liability and Contributions

CalPERS administers the District's retirement plan. However, the required GASB 68 and related information are not included in the FY 2015/16 and FY 2016/17 audits. Therefore, the financial statements, which the governing body and management are responsible for, lack transparency by not including the required pension information. Instead, this service review sought information from the parent source, CalPERS. For general information on pension liabilities and contributions, please refer to Appendix C of this service review.

Liability

The CalPERS July 2020 valuation report identifies that the District had a Net Pension Liability as of June 30, 2019, with a funded ratio of 76.6%

Contributions

As shown in the table below, pension contributions dropped precipitously in 2018-19. That year the general manager was on injury leave (workers compensation) which resulted in a number of the mandatory retirement contributions not made. The agreement with CalPERS allows the District to make additional, incremental, contributions to be whole with its requirements.[6]

[6] https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports

Table 1-8:
CalPERS Historical Contributions

Plan Type	Contribution	2017-18	2018-19	2019-20	2020-21
Miscellaneous	Normal Cost %	7.9%	8.3%	8.7%	9.4%
Plan	UAL Payment	$ 40,505	$ 7,569	$ 33,860	$ 35,026
PEPRA	Normal Cost %			7.1%	7.9%
Plan	UAL Payment			$ 400	$ 705

Source: CalPERS Actuarial Reports, July 2020

The following table provides a breakdown of required retirement contributions for the District over the next six fiscal years. The agency includes more than one retirement plan, depending on date of hire or job classification, shown as PEPRA. It is unclear as to why CalPERS identifies low contribution rates beginning in 2024-25 for the Miscellaneous Plan.

Table 1-9:
CalPERS Projected Contributions

Plan Type	Contribution	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Miscellaneous	Normal Cost %	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Plan	UAL Payment	$ 36,869	$ 38,000	$ 40,000	$ 3,300	$ 3,500	$ 3,500
PEPRA	Normal Cost %	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Plan	UAL Payment	$ 236	$ -	$ -	$ -	$ -	$ -

Source: CalPERS Actuarial Reports, July 2020

9. Shared Facilities

A. Status of Shared Facilities

The District identified that is does not share facilities with other agencies.

B. Opportunities for Shared Facilities

An opportunity may exist for the District to lease its non-dedicated land to other public agencies. Section 9054 permits a district to use or lease land acquired for future cemetery use to a public agency for recreational use. The District identifies that there are unused areas at this time.

10. Accountability

A. Board Members

Records show that community interest in board membership historically has been low. An option afforded in Public Cemetery District law is for the board to request

through resolution that the County Board of Supervisors reduce board membership from five members to three members (§9020, §9025). In the LAFCO staff's view, limiting membership to three members for such a large geographical area would not promote any oversight efficiencies; a full membership of five members should be sought by the District and the County Board of Supervisors to promote adequate oversight of District affairs and community participation in an important service.

Alternatively, the County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains, but the governing body would be different.

B. Internment Records

Currently, the District lacks a digital archive of its marked sites. The District has contracted with a firm from Ohio that has not completed a digital archiving project. According to District staff, there is no written contract for this project, which remains incomplete for over a year.

C. Completion and Filing of Financial Documents

The District is not current with completion of its financial statements.

D. Policy Manual

The District could not identify if certain policies have been adopted. The historical record of the District is inadequate.

E. Website Transparency

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

Table 1-10:
Website Checklist

Barstow Cemetery District (Mountain View Memorial Park) Website Checklist website accessed 9/4/2020 www.mountainviewmemorial.specialdistrict.org			
Required			
		Yes	***No***
Government Code §53087.8	Agency maintains a website with current contact information? *(required for independents special districts by 1/1/2020)*	✓	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?		✓
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	✓	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	✓	
The following are recommended for agency websites by a number of governance associations and organizations.			
		Yes	***No***
Description of Services?			✓
Service area map?			✓
Budgets (past 3 years)?			✓
Board meeting schedule?		✓	
Audits (past 3 years)?			✓
List of elected officials and terms of office?			✓
List of key agency staff with contact information?			✓
Meeting agendas (last six months)?		✓	
Meeting minutes (last six months)?			✓
Notes: Board/staff names missing. No mention of "Barstow Cemetery District".			

11. Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address possible options. Such options should consider:

- Improving public participation, local accountability, and governance;
- Producing economies of scale and improving buying power in order to reduce service costs;
- Enhancing capital improvement plans;
- Improving the ability to provide and explain budget and financial data; and
- Improving the quality and/or levels of service.

Evaluation of these options should weigh:

- Long-term savings of the change versus related transition costs;
- Cost-benefit of restructuring the current governing body and/or administration to any proposed alternative;
- Impact on operating cost (short and long-term) due to government structure changes; and
- Impact of government structure options on an agency's financial stability.

Structure Options that include LAFCO

1. Consolidate the two independent cemetery districts (Barstow and Twentynine Palms). This option would consolidate the two independent districts under one governing body. Administratively, there could be economies of scale – fewer administrative staff. Operationally, there would not be economies of scale due to the need to house heavy equipment at each location since the distance between cemeteries is roughly 100 miles. For the governing body, an independent district with two zones roughly 100 miles apart does not lend to local governance. Therefore, this option is not feasible.

2. Combine all public cemeteries (Barstow, Twentynine Palms, Lucerne Valley, and Searles Valley) by forming a County Service Area, governed by the County Board of Supervisors, to function as a single-purpose agency for all public cemeteries. Administratively and operationally, there would be economies of scale, as a single entity would conduct administration and operations. For the governing body, there would be a single body to govern all public cemeteries in the county. However, the two dependent districts (Lucerne Valley and Searles Valley) provide more than one function and separating these functions would reduce the community nature of the current form of governance in these communities. Further, this option would require an election. Therefore, this option is not feasible.

Structure Options that do not include LAFCO

3. Cemetery service to be provided by the City of Barstow. Current law (Health and Safety Code §8125) authorizes cities to survey, lay out, and dedicate for burial purposes no more than five acres of public lands. The District operates more than five acres. If the City were to succeed to the District's cemetery services, special legislation would need to occur and there is statutory precedent for authorization. In 2008, AB 1932 (Smyth) authorized the City of Simi Valley to operate a cemetery on public lands containing five acres or more. Should the City desire to succeed to the District's services and facilities, special legislation would be required.

4. The County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains but the governing body would be different. This would provide the District with resources that it currently lacks.

5. Outsourcing financial and/or administrative duties. The board of trustees would have to weigh the cost-benefits of outsourcing versus in-house management.

Sources:

Barstow Cemetery District
Financial Statements
Website. www.mountainviewmemorial.specialdistrict.org. Accessed 16 August 2020

CalPERS
Actuarial Reports

Grand Jury
2009/10 Report
2013/14 Report

LAFCO
Fiscal Indicators Program
LAFCO 3034 – Service Review and Sphere of Influence Update for the Barstow Cemetery District (2008)
Site Visit 25 September 2020

Agency Name	**BARSTOW CEMETERY DISTRICT**
Agency Contact Name	Melinda Johnson

1. **Please provide a roster of board members.**

Member Name	Position	Term Expiration
Mark Franey	Chair	2022
Stanley "Ed" Hignett	Vice-Chair	2020
Teresa Quiroz	Director	2020
Beverly Stoops	Secretary	2022
Vacant Position		

2. **Government Code Section 9028(b) requires the appointment of a Secretary, which may be either a trustee or district employee. Provide the name of the appointee (trustee or employee).** Beverly Stoops

3. **If the District has appointed a Finance Director to manage its funds, it must require a bond for that person. If the District has a Finance Director, please confirm that person is bonded.** San Bernardino County & Cooperate Funeral Fund both are bonded

4. **What is the current size (sq. miles) of your district's territory? How much unused land remains for future cemetery use?** Roughly 10 acres incorporated, and 13 acres incorporated

5. **Cemetery Districts are permitted to lease currently unused land which is set aside for future cemetery use. Does your District lease any land to private organizations (e.g. cell phone towers, non-profits) or public agencies (e.g. city, schools) for continual or one-time use?** No

6. **Has the District adopted policies and procedures, including bidding regulations, governing the purchase of supplies and equipment?** Yes
7. **Please provide copies of:**
    a. Most recent budget approved by the board.
    b. Five most recent audits accept by the board, of you have not already provided them to LAFCO.
    c. Fee Schedule
    d. Endowment Policies

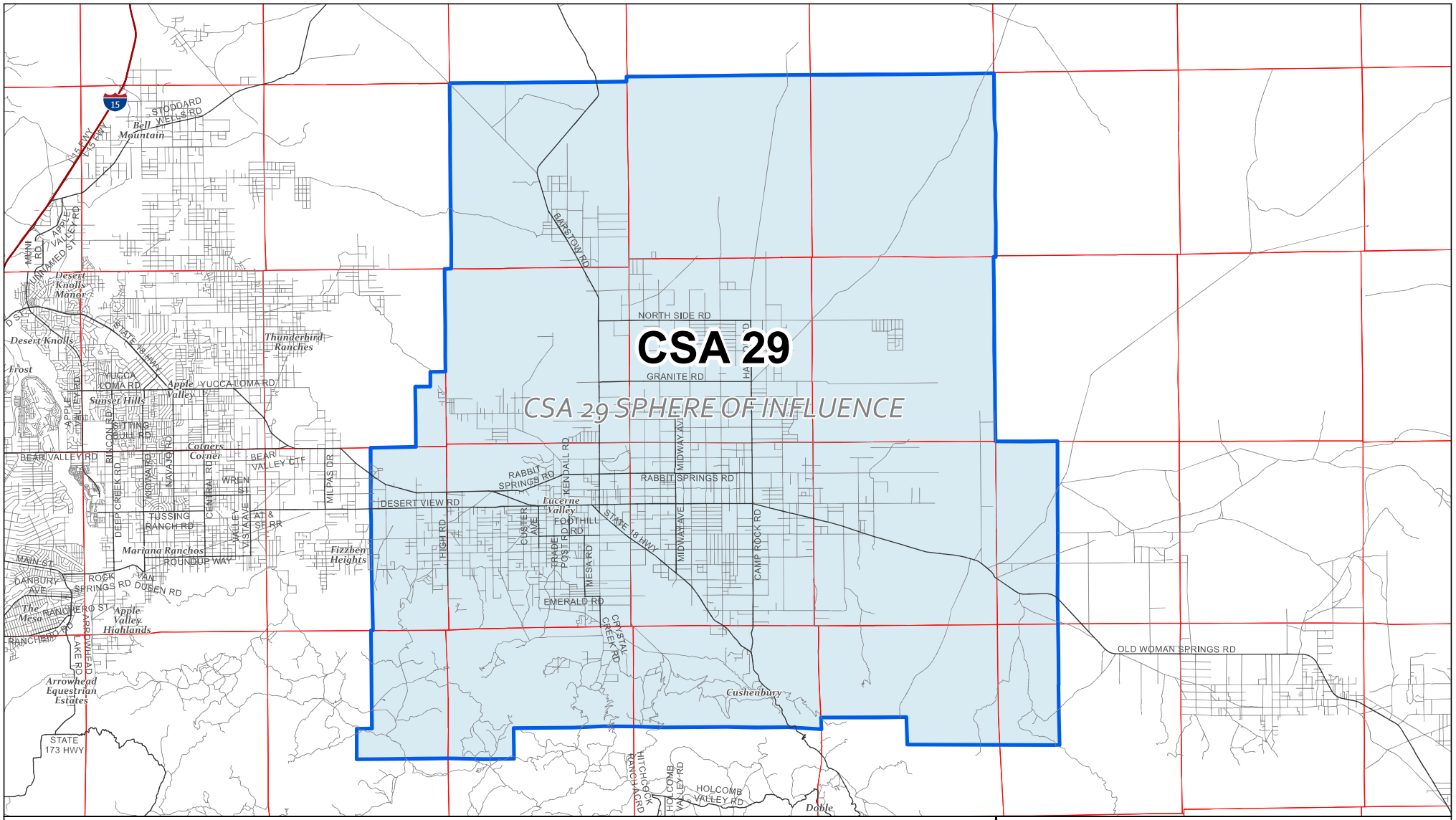
8. **AB 1234 (State Ethics Requirements)**

- Does your district have a written policy to compensate board members for attendance at events beyond just board meetings, committee meetings and conferences? Yes
- Does you district have a written policy to reimburse board members for expenses? Yes
- Does your district use IRS reimbursement rates or adopt a policy that specifies reasonable reimbursement rates? Yes
- Are expense report forms provided to board members who require reimbursement? Yes. Are these completed forms retained on file as public documents? Yes
- Do all board members and any board-designated employees take at least two hours of ethics training at least every two years and receive a certificate of completion? General Manager is certified

Please return this questionnaire and any materials to LAFCO to either:

- LAFCO, 1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490
- **mtuerpe@lafco.sbcounty.gov**

FINAL DRAFT


CSA 29
CSA 29 SPHERE OF INFLUENCE
County Service Area 29
Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.
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County Service Area 29
County Service Area 29 Sphere of Influence
Author: Jeffrey Lum Map Created: 7/29/2020

1. LAFCO Conclusion and Recommendation

This review has no conclusions or recommendations for County Service Area 29.

2. Overview and Brief History

Community History

In the early 1900s, the area now known as Lucerne Valley was an important area for the growth of alfalfa in the western United States. Due to the potential of agriculture, the first parts of the community formed along the central valley and the crossroads of the two major corridors, now known as Highways 18 and 247. To recognize the viability and success of alfalfa farming in the area, the name of the community was changed to Lucerne (the French word for alfalfa) in 1916. In 1947, the "Dunton Quarry" limestone mine opened midway up the Cushenbury Canyon.

The first form of government for the community was the Lucerne Valley Park and Recreation District, which formed in 1948. Significant growth occurred in the 1950s following extension of the railroad into Lucerne Valley by Kaiser Industries to construct a cement plant and limestone quarry. The Lucerne Valley Fire Protection District formed in 1962 and the high school opened in 1991.[1] Lucerne Valley continues to be an important source for alfalfa and is one of the largest limestone producing areas in the country with the major mining companies digging into the north face of the San Bernardino Mountains.

CSA 29

County Service Area 29 ("CSA 29") was formed in December 1964 by action of the County of San Bernardino Board of Supervisors for the primary purpose of providing cemetery services to central Lucerne Valley. CSA 29 is a dependent special district governed by the Board of Supervisors, and LAFCO currently authorizes CSA 29 the following functions: cemetery, TV translator, park and recreation, streetlighting, water, and sewer. Although authorized, CSA 29 does not actively provide sewer service and only supplies water to its own facilities. However, CSA 29 has these powers in order to plan for future water and sewer delivery.

Since its formation, LAFCO considered the annexation or expansion/reduction of powers of CSA 29 four times. These actions further defined the boundary of the community of Lucerne Valley, and the addition of powers moved towards centralization of municipal services.

- LAFCO 1935 in 1980 - Annexation to CSA 29, dissolution of Lucerne Valley Park and Recreation District and Lucerne Valley Fire Protection District, and addition of fire, park and recreation powers.

[1] County of San Bernardino, Lucerne Valley Community Plan, (Adopted March 13, 2007).

- LAFCO 2359 in 1986 - Expansion of water (domestic – to its own facilities) and sewer (engineering and planning) powers to allow the community to plan for providing these services.

- LAFCO 2474 in 1989 - Annexation to CSA 29 and detachment from CSA 38, Apple Valley Fire Protection District, and Apple Valley Park and Recreation District.

- LAFCO 3000 in 2008 – County Fire Reorganization, which transferred CSA 29's fire and ambulance functions to the San Bernardino County Fire Protection District.

CSA 29 is located in the north desert portion of the County and is located approximately 35 miles south of the City of Barstow, 45 miles northwest of the Town of Yucca Valley, 15 miles southeast of the Town of Apple Valley, and 20 miles north of Big Bear Lake. The District's boundary and sphere of influence are coterminous and comprise approximately 433 square miles.

Cemetery

Currently, CSA manages one cemetery - Lucerne Valley Memorial Park - located at 32522 Highway 18, Lucerne Valley. Lucerne Valley Memorial Park is located on land which was donated by the Goulding family to the Baptist Church. The Church turned over administration of the cemetery to the County after the formation of CSA 29.

3. Boundary and Sphere of Influence Review

This review identifies no boundary or sphere of influence matters for the CSA 29.

4. Previous Service Reviews and Other Reports

This agency's first service review from 2008 did not identify any areas of concern for CSA 29.[2] The companion sphere of influence update reaffirmed a coterminous sphere of influence for CSA 29.

5. Growth and Population Projections

Historically, Lucerne Valley can be characterized as a rural community that has experienced slow growth. The community had 4,986 residents in 1990 and 5,377 in 2000. According to the latest Census data ("ACS 2018"), Lucerne Valley currently has approximately 5,423 residents. Overall, the community has grown by roughly one percent annually over the last 30 years. Due to the rural nature of the community, continued slow growth is anticipated through 2040.

6. Disadvantaged Communities, Location and Characteristics

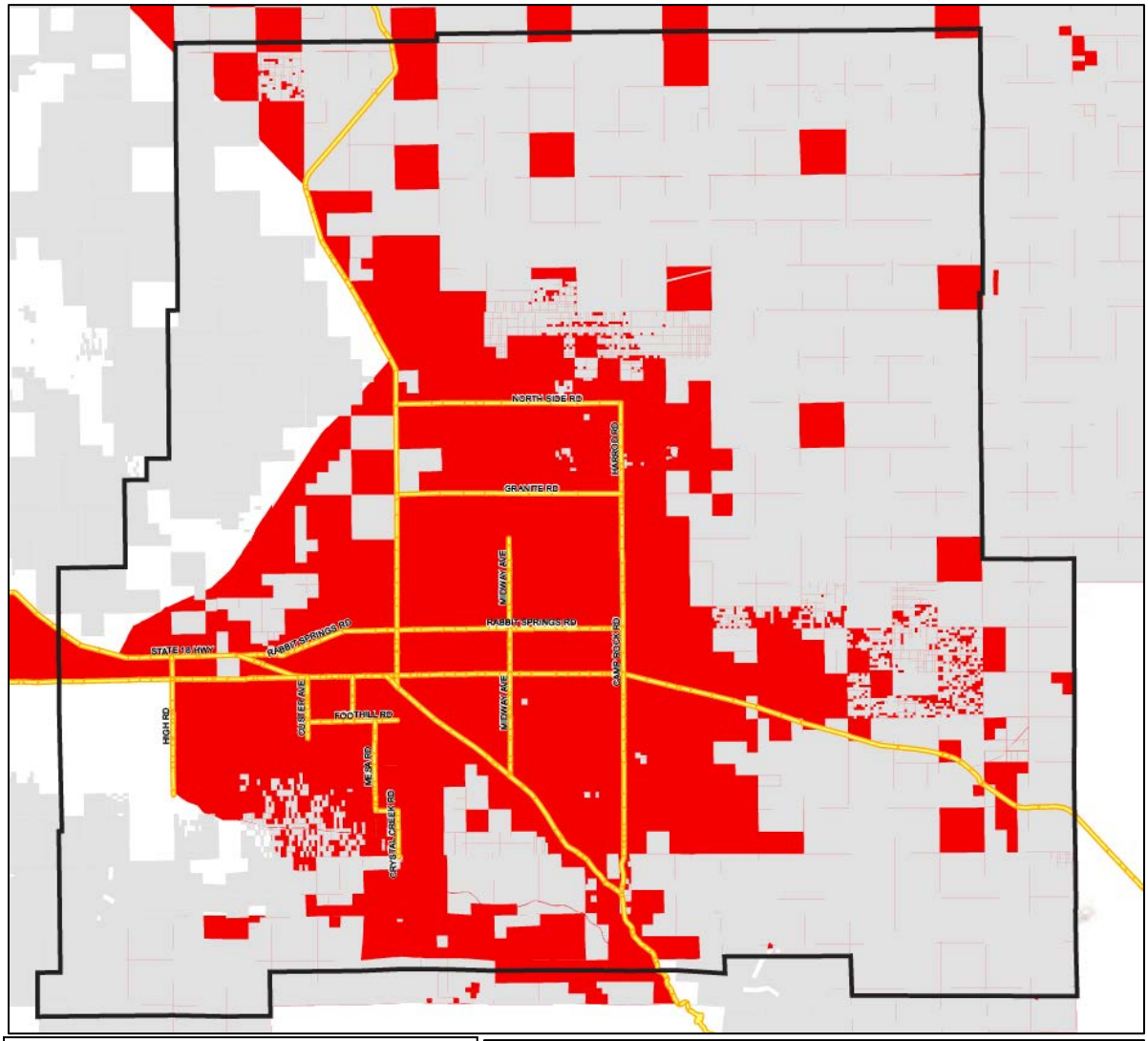
State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both

[2] http://www.sbcounty.gov/lafco/items/feb2008/item_7.pdf

incorporated and unincorporated areas. More information on the laws and requirements regarding Disadvantaged Communities is available in Appendix C: Primers to this report.

The figure below identifies the location of the disadvantaged communities with the District overlay in black outline.

Figure 2-1:
Disadvantaged Communities



The table below identifies the characteristics of incorporated Disadvantaged Communities within and surrounding CSA 29.

Table 2-1:
Characteristics of Disadvantaged Areas within CSA 29

Population	5,423	Median Household Income	$36,547
Households	2,169	Per Capita Income	$20,478
Median Age	36.4	Unemployment Rate	28.8%

Source: ESRI, August 2020

7. Facilities and Services

The District completed a LAFCO questionnaire to LAFCO's questions regarding governance and operations. The District's response is included at the rear of this agency's profile.

A. Present and Planned Capacity of Public Facilities

Currently, CSA 29 manages one cemetery - Lucerne Valley Memorial Park - located at 32522 Highway 18, Lucerne Valley. The original cemetery contains 1,246 plots on roughly two acres, all which have been sold. In 2006, an extension to the Memorial Park (the Annex) opened. This four-acre section is located on the south side of the original Park. According to the District, internments for the past three years were nine (2017), 10 (2018), and 12 (2019), and 13 as of October 31, 2020.

As of October 29, 2020, the cemetery had:

- 1,192 filled sites
- 28 sold but empty sites
- 1,550 unsold sites

Cemetery plot space is subject to the Board governed fee schedule. Anyone can be buried at the cemetery. The burial fee structure has three categories, each with different fees: 1) property owner, 2) resident/non-property owner, 3) and non-resident/non-property owner. At present, there is no master plan for cemetery service.

B. Adequacy of Public Services

Given the remote nature of the District, as well as the need for internment services, the public service is adequate.

C. Infrastructure Needs and Deficiencies

The grounds are maintained pursuant to maintenance schedule.

8. Financial Ability to Provide Services

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the agency's own financial documents (audits, budgets, capital improvement program). Additionally, LAFCO's Fiscal Indicators Program shows fiscal trends for an agency and allows for an agency comment.[3] The information below incorporates all of the information and sources identified above.

A. Overview

Revenues are comprised of service fees, the District's share of the general property tax levy, and interest.

B. Funds

The District maintains three major governmental funds with the County Treasury, which are listed below.

- General, a special revenue fund: for regular income and expenses
- Cemetery, a permanent fund: provides maintenance and upkeep for cemetery grounds
- CIP, a capital projects fund: to account for various improvements to the cemetery, senior center, and communications center

General Fund

The fund labeled "General" 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.

A trend of operating gains or deficits is a key indicator of the financial health of an agency. The figure below shows the General Fund balance for the period of FY 2013/14 through FY 2018/19. The fund balance has increased by 266% within five years with Total Revenues increasing by 16% and Total Expenditures increasing by 13%. Note that this represents CSA 29 as a whole, not just its cemetery functions, as cemetery general operations are not identified as a separate column in the financial statements.

[3] http://www.sbclafco.org/FiscalIndicators/BOS/CSA29.aspx

Table 2-2:
General Fund Balance

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	5 yr Var
REVENUES							
Charges for services	3,063	11,675	8,668	27,583	27,071	15,537	407%
Property taxes	412,564	419,251	435,363	457,238	481,764	491,160	19%
Other	39,404	137,130	30,521	48,157	67,526	22,808	-42%
Total Revenue	$ 455,031	$ 568,056	$ 474,552	$ 532,978	$ 576,361	$ 529,505	16%
EXPENDITURES							
Salaries & Benefits	328,145	276,300	262,338	244,314	282,433	248,385	-24%
Services & Supplies	175,844	244,983	167,532	192,815	212,006	313,908	79%
Other						5,441	
Total Expenditures	$ 503,989	$ 521,283	$ 429,870	$ 437,129	$ 494,439	$ 567,734	13%
Revenues less Expend.	(48,958)	46,773	44,682	95,849	81,922	(38,229)	
OTHER FINANCING							
Transfers In			(70,000)	11,035	4,941		
Fund Balance Begin	115,553	66,595	113,368	88,050	194,934	281,797	144%
Fund Balance End	$ 66,595	$ 113,368	$ 88,050	$ 194,934	$ 281,797	$ 243,568	266%

General Fund Liquidity

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of FY 2018/19, unreserved fund balance of the General Fund was $7,123, one percent of total General Fund expenditures. It would appear that the liquidity is not adequate.

The Government Finance Officers Association ("GFOA") currently recommends that regardless of size, general-purpose governments should maintain unreserved fund balance in their General Fund of "no less than two months of regular general fund operating revenues or expenditures." A General Fund balance of a lesser level exposes the General Fund to the risk of not being able to meet cash flow requirements, economic uncertainties, or other financial hardships. As shown on the chart below, the District's unreserved fund balance is below the general rule of more than two months of regular General Fund operating expenditures.

However, CSA 29 operates as a part of County Special Districts with an overlaying county service area, CSA 70, which provides overall administration for all board-governed districts. CSA 70 has its own operational and reserve funds. Further, CSA 29's annual gains have been placed into Reserved/Restricted funds. Therefore, this report concludes that the overall liquidity of CSA 29 is adequate when taking into account all funds and administrative mechanisms available to it.

Table 2-3:
General Fund Liquidity

General Fund (GF)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total GF expenditures	$ 503,989	$ 521,283	$ 429,870	$ 437,129	$ 494,439	$ 567,734
Unreserved GF fund balance	7,123	7,123	7,123	7,123	7,123	7,123
(as a % of total expenditures)	*1%*	*1%*	*2%*	*2%*	*1%*	*1%*
Total fund GF balance	$ 66,595	$ 113,368	$ 88,050	$ 194,934	$ 281,797	$ 243,568
(as a % of total expenditures)	*13%*	*22%*	*20%*	*45%*	*57%*	*43%*

sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Endowment Fund

The District maintains an Endowment Fund to account for the portion of the monies paid for every interned person to be held as a perpetual endowment. Pursuant to State law, the board of trustees may not spend the principal of the Endowment Fund. However, the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)). The figure below shows the fund balance of the Endowment Care fund for the same time period.

Table 2-4:
Endowment Fund

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	5 yr Var
REVENUES							
Charges for services					1,550		
Interest & investment	481	396	722	460	730	3,158	557%
Total Revenue	$ 481	$ 396	$ 722	$ 460	$ 2,280	$ 3,158	557%
EXPENDITURES							
Total Expenditures	$ 1,073	$ -	$ -	$ -		$ -	
Revenues less Expend.	(592)	396	722	460	2,280	3,158	-633%
OTHER FINANCING							
Other			550	1,900	202	549	
Transfers In (Out)	-	-		-	-	-	
Fund Balance Begin	93,189	92,597	92,993	94,265	96,625	99,107	6%
Fund Balance End	$ 92,597	$ 92,993	$ 94,265	$ 96,625	$ 99,107	$ 102,814	11%
***Endowment Principal**	$92,597	$92,993	$94,265	$96,627	$99,107	$102,814	11%

sources: Statement of Revenues, Expenditures, and Fund Balances and Balance Sheets

Long-term Debt

As of June 30, 2019, the District's long-term debt obligations consist of:

- Net Pension Liability $202,216
  (see details below)
- Due to other governments $121,785
  (according to County Special Districts staff, this amount is for accruals in 2019 to reimburse CSA 70 (county special districts admin) for labor and services/ supplies
- Compensated absences payable $ 33,312
- Salary and benefits payable $ 11,788
- Other $ 746

C. Capital Outlay

In 2006, an extension to the Lucerne Valley Memorial Park (the Annex) opened. This four-acre section is located on the south side of the original Park.

D. Pension Liability and Contributions

Employees are members in the San Bernardino County Employees' Retirement Association ("SBCERA").

Liability

At June 30, 2019, CSA 29 reported a liability of $202,216, which represents a 3.7% share of the County of San Bernardino Special District's proportionate share of the County's net pension liability. The CSA's proportion was allocated based on FY 2019 total salaries and benefits relative to the total salaries and benefits of the County of San Bernardino Special Districts as a whole.

Contributions

For FY 2020-21, the employer contribution rate assigned by SBCERA is 25.84% (Tier 1) and 23.32% (Tier 2). The County Administrative Office assigns an additional 11.0% for pension obligations bonds, which are paid directly to the County. The last payments for the two bonds will occur in FY 2021/22 and FY 2023/24.

9. Shared Facilities

A. Status of Shared Facilities

The County identifies that it does not share its cemetery land with other agencies.

B. Opportunities for Shared Facilities

An opportunity may exist for CSA 29 to lease its non-used land to other public agencies. Section 9054 permits a district to use or lease land acquired for future cemetery use to a public agency for recreational use. The County identifies that approximately 3.7 acres are unused at this time.

10. Accountability

A. Board Members

CSA 29 is a dependent district, governed by the County Board of Supervisors, and operates under the auspices of County Special Districts, a part of the County's Department of Public Works.

B. Internment Records

In 1994, a land probe was done to determine how many sites were unmarked graves. Twenty-four burials were found for which there were no records. These circumstances pre-date the formation of CSA 29.

Current records are well kept. A site book is updated once a year. The District uses digital archiving to account and mark its sites. The online system is available to the public via the District's website.

C. Completion and Filing of Financial Documents

The District is current with completion of its financial statements.

D. Policy Manual

CSA 29 operates under the policies adopted by the County.

E. Website Transparency

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253

requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

Table 2-6:
Website Checklist

CSA 29 Website Checklist website accessed 10/22/2020 http://csa29.com/Home.html			
Required			
		Yes	***No***
Government Code §53087.8	Agency maintains a website with current contact information? *(required for independents special districts by 1/1/2020)*	✓	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	✓	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	✓	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	✓	
The following are recommended for agency websites by a number of governance associations and organizations.			
		Yes	***No***
Description of Services?		✓	
Service area map?		✓	
Budgets (past 3 years)?		✓	
Board meeting schedule?		✓	
Audits (past 3 years)?		✓	
List of elected officials and terms of office?		✓	
List of key agency staff with contact information?		✓	
Meeting agendas (last six months)?		✓	
Meeting minutes (last six months)?		✓	
Notes: Items identified with "Yes" are satisfied via the CSA 29 site, Special Districts site (www.specialdistricts.org) or the County's site (www.sbcounty.gov)			

11. Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address possible options. Such options should consider:

- Improving public participation, local accountability, and governance;
- Producing economies of scale and improving buying power in order to reduce service costs;
- Enhancing capital improvement plans;
- Improving the ability to provide and explain budget and financial data; and
- Improving the quality and/or levels of service.

Evaluation of these options should weigh:

- Long-term savings of the change versus related transition costs;
- cost-benefit of restructuring the current governing body and/or administration to any proposed alternative;
- Impact on operating cost (short and long-term) due to government structure changes; and
- Impact of government structure options on an agency's financial stability.

Structure Options that include LAFCO

1. Combine all public cemeteries (Barstow, Twentynine Palms, Lucerne Valley, and Searles Valley) by forming a County Service Area, governed by the County Board of Supervisors, to function as a single-purpose agency for all public cemeteries. Administratively and operationally, there would be economies of scale, as a single entity would conduct administration and operations. For the governing body, there would be a single body to govern all public cemeteries in the county. However, the two dependent districts (Lucerne Valley and Searles Valley) provide more than one function and separating these functions would reduce the community nature of the current form of governance in these communities. Further, this option would require an election. Therefore, this option is not feasible.

2. One option would be for the residents within the community to submit an application to LAFCO to form an independent community services district ("CSD"). Through this formation, the CSD would have a choice to provide 33 different services, including cemetery services, and the voters would select the board of directors, which must reside within the district. The formation application must show that the proposed CSD would be financially viable. Since 1964, the Commission has considered three proposals to form a CSD in the Lucerne Valley. In each case, the proposal was not successful, with two of the proposals defeated at election. At this time, there is no expressed desire by the residents to look at the formation of a CSD.

Structure Options that do not include LAFCO

3. Outsourcing the cemetery operations and/or administrative duties. The County Board of Supervisors would have to weigh the cost-benefits of outsourcing versus in-house management.

Sources:

CSA 29
Financial Statements
Interview. 29 September 2020.
Website. www.csa29.com/home.html Accessed 19 September 2020.

LAFCO
Fiscal Indicators Program
LAFCO 3021 – Service Review and Sphere of Influence Update for the County Service Area 29

Lucerne Valley Root Diggers Genealogy Association
Website. http://www.lucernevalley.net/orgs/roots/ Accessed 22 October 2020.

Agency Name	**SAN BERNARDINO COUNTY SPECIAL DISTRICTS DEPARTMENT COUNTY SERVICE AREA 29 – LUCERNE VALLEY**
Agency Contact Name	Luther Snoke - DEO

1. **Please provide a roster of board members.**

Member Name	Position	Term Expiration
Curt Hagman	Chair	12/05/2022
Josie Gonzales	Vice-Chair	12/07/2020
Robert Lovingood	1st District	12/07/2020
Janice Rutherford	2nd District	12/05/2022
Dawn Rowe	3rd District	12/07/2020

2. **Government Code Section 9028(b) requires the appointment of a Secretary, which may be either a trustee or district employee. Provide the name of the appointee (trustee or employee).** Frank Haggard – Recreation Superintendent

3. **If the District has appointed a Finance Director to manage its funds, it must require a bond for that person.** Dennis Stout Jr. Division Manager- Fiscal & Administrative Services. **If the District has a Finance Director, please confirm that person is bonded.** YES, bonded at $25,000

4. **What is the current size (sq. miles) of your district's territory?** Approx. 30 acres **How much unused land remains for future cemetery use?** 3.7 acres.

5. **Cemetery Districts are permitted to lease currently unused land which is set aside for future cemetery use. Does your District lease any land to private organizations (e.g. cell phone towers, non-profits) or public agencies (e.g. city, schools) for continual or one-time use?** NO

6. **Has the District adopted policies and procedures, including bidding regulations, governing the purchase of supplies and equipment?** YES Guided by County Policy.

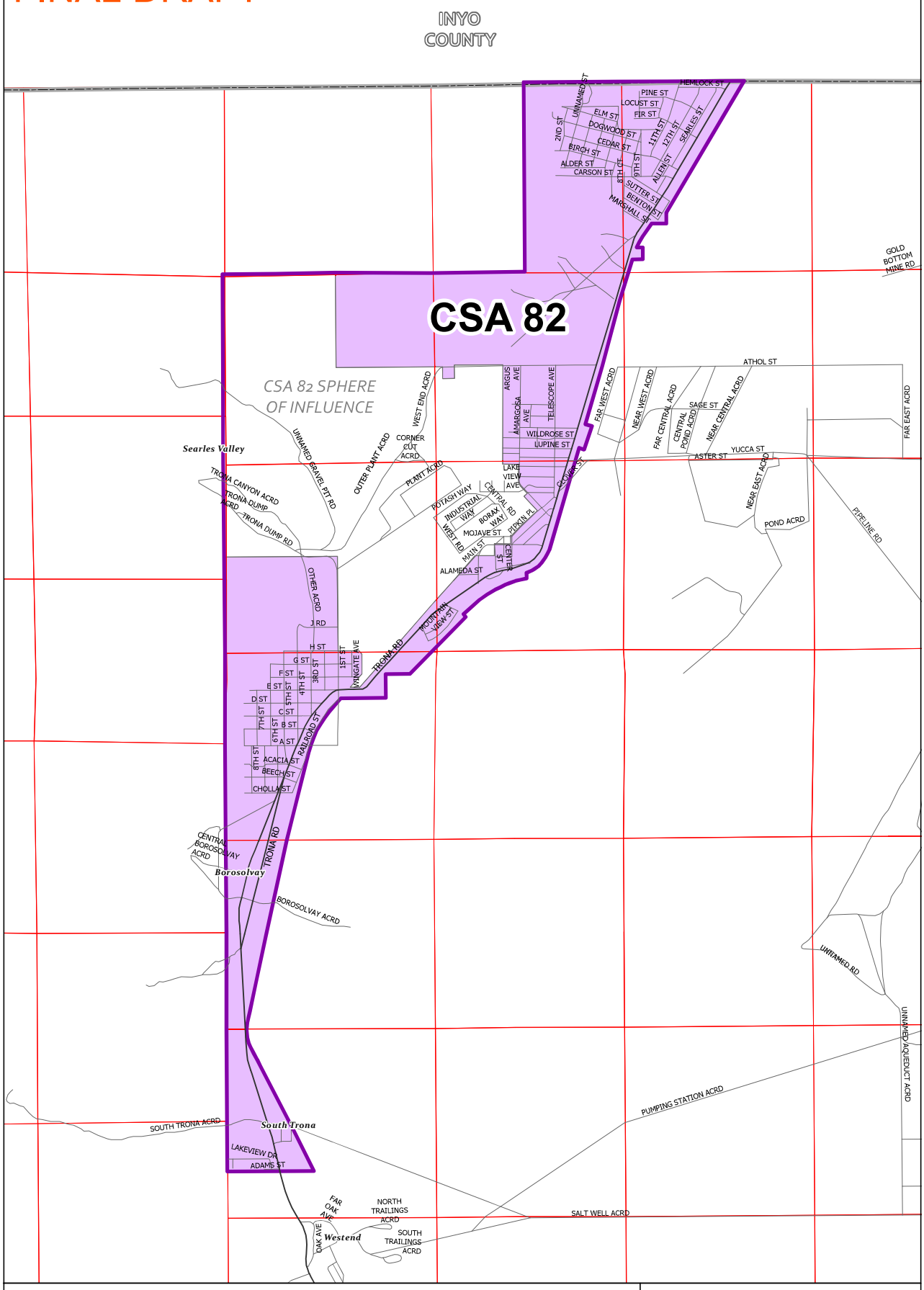
7. **Please provide copies of:**
   a. Most recent budget approved by the board. See Attached
   b. Five most recent audits accepts by the board, of you have not already provided them to LAFCO. See attached 2019 Financial Statement
   c. Fee Schedule See attached
   d. Endowment Policies None

8. **AB 1234 (State Ethics Requirements)**
   - Does your district have a written policy to compensate board members for attendance at events beyond just board meetings, committee meetings and conferences? No.
   - Does you district have a written policy to reimburse board members for expenses? Yes.
   - Does your district use IRS reimbursement rates or adopt a policy that specifies reasonable reimbursement rates? Yes, guided by County Policy.
   - Are expense report forms provided to board members who require reimbursement? Yes. Are these completed forms retained on file as public documents? Yes.
   - Do all board members and any board-designated employees take at least two hours of ethics training at least every two years and receive a certificate of completion? Yes.

Please return this questionnaire and any materials to LAFCO to either:

- LAFCO, 1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490
- **mtuerpe@lafco.sbcounty.gov**

FINAL DRAFT



County Service Area 82

County Service Area 82
County Service Area 82 Sphere of Influence
San Bernardino County Line

Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

0 0.25 0.5 1 Miles

N

1. LAFCO Conclusion and Recommendation

A. *County Jurisdiction*

If not owned by a city or fraternal or beneficial association or society, public cemeteries are under the jurisdiction and control of the board of supervisors of the county in which they are situated.

LAFCO concludes that should there be a discontinuance of water or electricity service by Searles Valley Minerals, CSA 82, as the responsible and liable entity for the cemetery, would be responsible for providing a mechanism to assure water and electrical service.

LAFCO concludes that should the Searles Valley Cemetery Association cease capability to provide operations and maintenance of the cemetery, then the County Board of Supervisors would assume control of the cemetery operations and management.

B. *Agreement between CSA 82 and the Searles Valley Cemetery Association*

In October 2012, acting as the governing body of CSA 82, the County Board of Supervisors approved a Memorandum of Understanding (Agreement No. 12-776) with Searles Valley Cemetery Association (Association) formalizing the agreement for management of the Searles Valley Cemetery for a term of ten years through August 21, 2022. Pursuant to the agreement, the County indemnifies the Association, and the County has the right to inspect the cemetery grounds and operations.

LAFCO concludes that the County has not conducted an inspection of the cemetery or its operations for some time, thereby exposing the County to any material weaknesses or significant deficiencies, should any exist. The County is currently conducting an operational inspection of the Searles Valley Cemetery Association practices and procedures. The County conducted its most recent onsite facility inspection in October 2020.

LAFCO recommends that the County renew the agreement with the Searles Valley Cemetery Association prior to the agreement's termination in August 2022, to include the clause whereby the County indemnifies the Cemetery Association. In response to the working copy of this service review, County Special Districts indicates that it intends to renew the agreement with the Searles Valley Cemetery Association.

LAFCO recommends that the County periodically inspect the cemetery and its operations. In response to the working copy of this service review, County Special Districts identifies that it has placed the cemetery into its quarterly facility routine inspections and that it will generate and file a quarterly formal report.

2. Overview and Brief History

Community History

The overall Searles Valley area is located along Highway 178 in the northwestern most portion of the County bordering the southern boundary of Inyo County. Within the Searles Valley are the communities of Pioneer Point, Trona, and Argus. The surrounding geography confines the Searles Valley community. It is located west of the Argus mountain range, south of the Inyo County line, east of the Searles Dry Lake, and north of Poison Canyon. The community is further isolated due to its enclosure by public lands and being located between the western and eastern portions of the China Lake Naval Weapons Center. Therefore, access to the community is restricted to Highway 178 from the south or north. Located southerly of the community is the Trona Pinnacles, a landscape of natural spires rising from the dry lake bed of Searles Lake. The Trona Pinnacles were designated by the Department of the Interior as a National Natural Landmark in 1968.

The following narrative provides a historical perspective of the community from information gathered from local history publications[1] and the Searles Valley Historical Society.

> In 1862, John W. Searles came looking for gold and found borax instead in the area known today as Searles Dry Lake. In 1913, the Trona railway was completed connecting the town to the railway in Searles, Kern County. Named after a kind of sodium carbonate, Trona was officially established in the same year as a self-contained company town, wholly-operated by its resident mining company to house employees. The company even issued its own money called Trona Script to be used in town.
>
> The community peaked in population of around 6,000 during World War I, when Trona was the only reliable American source of potash, an important element used in the production of gunpowder. In 1954, the company town disbanded and sold its homes to employees. In 1962, Searles Valley was declared a California Registered Historic Landmark. Since the late 1950s/early 1960s, the population has dwindled to its current population of roughly 1,900. The heart of the town remains the mining industry, operated by Searles Valley Minerals.

CSA 82

In 1964, the Searles Valley Cemetery Association lobbied for the formation of the former County Service Area 22 (CSA 22) to provide cemetery services to the Searles Valley community. The impetus for forming a public agency was to operate the community's cemetery as a public cemetery rather than a private cemetery, which would have required an initial endowment fund balance of $25,000. The former American Potash and Chemical Corporation donated the land for the cemetery to the Association. The land was subsequently transferred to CSA 22, as the responsible entity.

[1] Various, Once Upon a Desert. Mojave River Valley Museum Association, Barstow, CA, 1994; Patricia Keeling, Editor.

County Service Area 82 (CSA 82) was formed in 1976 as a reorganization of five overlapping or adjacent agencies in the Searles Valley area to provide sanitation and sewer, streetlighting, fire protection, cemetery, animal control, and parks and recreation service. CSA 82 is a dependent special district governed by the County of San Bernardino Board of Supervisors and operates under County Service Area Law (Government Code Section 25210 et seq.). Currently, CSA 82 is authorized by LAFCO to provide cemetery, park and recreation, streetlighting, and sewer service. Therefore, since 1964 CSA 22 and then CSA 82 have been the responsible entities to provide cemetery services within the community.

CSA 82 encompasses approximately 3.5 square miles and has not altered its boundaries since its formation in 1976. The boundaries of CSA 82 generally follow the geography of the area, excluding the Searles Valley Minerals plants, and are enclosed by public lands. In the formation of CSA 82, the mineral plants requested not to be included in CSA 82 due to their opposition to paying the additional tax rate that would have applied. There have been no annexations since its formation.

Cemetery

County Assessor records identify that the cemetery comprises two parcels totaling 10.29 acres (APN 048504128 - 4.69 acres and APN 048502121 - 5.60). In 2008 the Searles Valley Minerals Operations, Inc, donated the 5.6-acre parcel to the County of San Bernardino, "for the use and benefit of County Service Area No. 82" as stated in the grant deed transferring the property. This transfer was accepted by the Director of Special Districts on June 11, 2008. The additional parcel is located across the street from the original cemetery for use as cemetery grounds.

3. Boundary and Sphere of Influence Review

CSA 82 is bordered by a combination of the Searles mountain range and the self-sustaining Searles Valley Minerals plant on the west; the Inyo County line on the north; the Searles Dry Lake on the east; and a combination of the Searles Valley Minerals plant and Poison Canyon on the south.

This review identifies no boundary or sphere of influence matters for the CSA 82.

4. Previous Service Reviews and Other Reports

This agency's first service review from 2009 identified that the agreement between CSA 82 and the Searles Valley Cemetery Association was not formal as it lacked a written agreement.[2] As a result, in 2012 the County entered into a formal agreement with the Cemetery Association.

The companion sphere of influence update (2009) expanded the sphere of influence for CSA 82 by approximately 2.1 square miles to encompass the Searles Valley community.

[2] http://www.sbcounty.gov/lafco/items/201001/item_11.pdf

5. Growth and Population Projections

Historically, Seales Valley can be characterized as a rural community that has experienced slow growth. According to the staff report for the formation of CSA 82, in 1976 the population was roughly 4,500. Since then, it has declined to 2,740 (1990) and 1,885 (2000). Since 2000, the population has been stable at roughly 1,900[3]. The change in population for this community is not projected to be significant, if any.

6. Disadvantaged Communities, Location and Characteristics

State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas. More information on the laws and requirements regarding Disadvantaged Communities is available in Appendix C: Primers to this report.

The entire Searles Valley community is designated as a disadvantaged community.

7. Facilities and Services

The District completed a LAFCO questionnaire to LAFCO's questions regarding governance and operations. The District's response is included at the rear of this agency's profile.

A. Present and Planned Capacity of Public Facilities

The County owns the cemetery property for the benefit and use of County Service Area 82, which is authorized to provide cemetery services. Since 1964, the Searles Valley Cemetery Association, a non-profit 501(c)(13) association, has managed the Searles Valley Cemetery (Cemetery).

In October 2012, acting as the governing body of CSA 82, the County Board of Supervisors approved a Memorandum of Understanding (Agreement No. 12-776) with Searles Valley Cemetery Association (Association) formalizing the agreement for management of the Cemetery for a term of ten years through August 21, 2022.

The Association is located in the community and is better able to provide cemetery services by this proximity. CSA 82 does not employ full time employees, therefore, the County would have to hire staff or utilize staff from other districts in order to provide cemetery service. Through the MOU, the Association continues to oversee the burials, maintain the cemetery grounds, and maintain the burial plot map and location. Additionally, the MOU authorizes the Association to provide management services of the Cemetery and indemnify the Association for liability arising from the performance of their duties for ten years.

In 2012, there were 1,305 purchased plots and 1,907 future plots available.

[3] U.S. Census, Census 2000, 1990 Census

B. Adequacy of Public Services

Given the remote nature of the District, as well as the need for internment services, the public service is adequate.

The Association holds quarterly meetings at the Trona Senior Center. According to the Association, a copy of each burial permit is provided to the Registrar of the County Health Department. The Association's goal and practice is to provide free burial to the residents in the area. There are no fees charged to local residents, but non-local residents are charged for burial and for cremated remains. Volunteers do the upkeep of the grounds and digging of the graves for burial. Electricity and water service to the cemetery is provided, at no cost, by Searles Valley Minerals Inc.

C. Infrastructure Needs and Deficiencies

The grounds are maintained pursuant to maintenance schedule set by the Cemetery Association. Should there be a discontinuance of water or electricity service by Searles Valley Minerals, CSA 82, as the responsible and liable entity for the cemetery, would be responsible for providing a mechanism to assure water and electrical service.

8. Financial Ability to Provide Services

Even though CSA 82 receives a share of the one percent ad valorem general levy, the cemetery operation does not receive proceeds from the ad valorem taxes for its operations. The Association provides free burials and cemetery plots to residents of Searles Valley funded through donations and by volunteers in the Searles Valley community and the Searles Valley Mineral Company.

9. Shared Facilities

A. Status of Shared Facilities

The County identifies that it does not share the cemetery land with other agencies.

B. Opportunities for Shared Facilities

An opportunity may exist for CSA 82 to lease its non-used land to other public agencies. Section 9054 permits a district to use or lease land acquired for future cemetery use to a public agency for recreational use.

10. Accountability

A. Board Members

CSA 82 is a dependent district, governed by the County Board of Supervisors, and operates under the auspices of County Special Districts, a part of the County's Department of Public Works.

The Association operates with 11 Trustees who are residents of Searles Valley. The Board of Trustees meet quarterly. According to the Association, all members are volunteers and receive no payments for their services.

B. Internment Records

Since 2013, all records are digitized in dropbox on file with SVCA. There are no dedicated websites for either CSA or the Searles Valley Cemetery (although the Cemetery Association has a Facebook page).

C. Completion and Filing of Financial Documents

The District is current with completion of its financial statements, which do not include cemetery operations.

D. Policy Manual

CSA 82 operates under the policies adopted by the County. The Cemetery Association operates with its own bylaws and policies.

E. Website Transparency

The County's Special Districts website contains a dedicated page for CSA 82's sewer function but lacks any information on its other functions: park and recreation, cemetery, and streetlighting. Should the public desire to access information about CSA 82, it cannot do so via a direct link. Therefore, this section is incomplete. Items identified with "Yes" in the table below are satisfied via the Special Districts site (www.specialdistricts.org) or the County's site (www.sbcounty.gov). In response to the working copy of this report, Special Districts states that it is adding CSA 82 to its website to comply with these recommendations

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

Table 2-6:
Website Checklist

CSA 82 Website Checklist			
Required			
		Yes	***No***
Government Code §53087.8	Agency maintains a website with current contact information? *(required for independents special districts by 1/1/2020)*		✓
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	✓	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	✓	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	✓	
The following are recommended for agency websites by a number of governance associations and organizations.			
		Yes	***No***
Description of Services?			✓
Service area map?			✓
Budgets (past 3 years)?		✓	
Board meeting schedule?		✓	
Audits (past 3 years)?		✓	
List of elected officials and terms of office?		✓	
List of key agency staff with contact information?		✓	
Meeting agendas (last six months)?		✓	
Meeting minutes (last six months)?		✓	
Notes: Items identified with "Yes" are satisfied via the Special Districts site (www.specialdistricts.org) or the County's site (www.sbcounty.gov)			

11. Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address possible options. Such options should consider:

- Improving public participation, local accountability, and governance;
- Producing economies of scale and improving buying power in order to reduce service costs;
- Enhancing capital improvement plans;
- Improving the ability to provide and explain budget and financial data; and
- Improving the quality and/or levels of service.

Evaluation of these options should weigh:

- Long-term savings of the change versus related transition costs;
- Cost-benefit of restructuring the current governing body and/or administration to any proposed alternative;
- Impact on operating cost (short and long-term) due to government structure changes; and
- Impact of government structure options on an agency's financial stability.

Structure Options that include LAFCO

1. Combine all public cemeteries (Barstow, Twentynine Palms, Lucerne Valley, and Searles Valley) by forming a County Service Area, governed by the County Board of Supervisors, to function as a single-purpose agency for all public cemeteries. Administratively and operationally, there would be economies of scale, as a single entity would conduct administration and operations. For the governing body, there would be a single body to govern all public cemeteries in the county. However, the two dependent districts (Lucerne Valley and Searles Valley) provide more than one function and separating these functions would reduce the community nature of the current form of governance in these communities. Further, this option would require an election. Therefore, this option is not feasible.

2. One option would be for the residents within the community to submit an application to LAFCO to form an independent community services district ("CSD"). Through this formation, the CSD would have a choice to provide 33 different services, including cemetery services, and the voters would select the board of directors, which must reside within the district. The formation application must show that the proposed CSD would be financially viable. At this time, there is no expressed desire by the residents to look at the formation of a CSD.

Structure Options that do not include LAFCO

The County already outsources the cemetery operations and management.

Sources:

CSA 82
Interview with Special Districts Staff. 29 September 2020.

LAFCO
LAFCO 3025 – Service Review and Sphere of Influence Update for County Service Area 82

Searles Valley Cemetery Association
Website. https://www.facebook.com/pages/category/Nonprofit-Organization/Searles-Valley-Cemetery-Association-169975463342132/

Searles Valley Historical Society

Agency Name	**SAN BERNARDINO COUNTY SPECIAL DISTRICTS DEPARTMENT COUNTY SERVICE AREA 82 – SEARLES VALLEY**
Agency Contact Name	Luther Snoke - DEO

1. **Please provide a roster of board members.**

Member Name	Position	Term Expiration
Curt Hagman	Chair	12/05/2022
Josie Gonzales	Vice-Chair	12/07/2020
Robert Lovingood	1st District	12/07/2020
Janice Rutherford	2nd District	12/05/2022
Dawn Rowe	3rd District	12/07/2020

2. **Government Code Section 9028(b) requires the appointment of a Secretary, which may be either a trustee or district employee. Provide the name of the appointee (trustee or employee). Andrew Ledesma (President Searles Valley Cemetery Assc) or Glenn Jacklin Division Manager Operations (CSA 82)**

3. **If the District has appointed a Finance Director to manage its funds, it must require a bond for that person. Treasurer (Searles Valley Cemetery Assc) or Dennis Stout Jr. Division Manager- Fiscal & Administrative Services County Special Districts. If the District has a Finance Director, please confirm that person is bonded. YES, County Special Districts is bonded at $25,000**

4. **What is the current size (sq. miles) of your district's territory? 10 Acres How much unused land remains for future cemetery use? 5.6 Acres**

5. **Cemetery Districts are permitted to lease currently unused land which is set aside for future cemetery use. Does your District lease any land to private organizations (e.g. cell phone towers, non-profits) or public agencies (e.g. city, schools) for continual or one-time use? NO**

6. **Has the District adopted policies and procedures, including bidding regulations, governing the purchase of supplies and equipment? YES guided by County Policy**

7. **Please provide copies of:**
   a. Most recent budget approved by the board. No financial Data obtained for the CSA 82 Cemetery.

b. Five most recent audits accepts by the board, of you have not already provided them to LAFCO. See attached 2019 Financial Statement. Limited information regarding cemetery included.
c. Fee Schedule Free burials and cemetery plots for locals per Contract with Searless Valley Cemetery Association. See Attached.
d. Endowment Policies No Endowment policy of record.

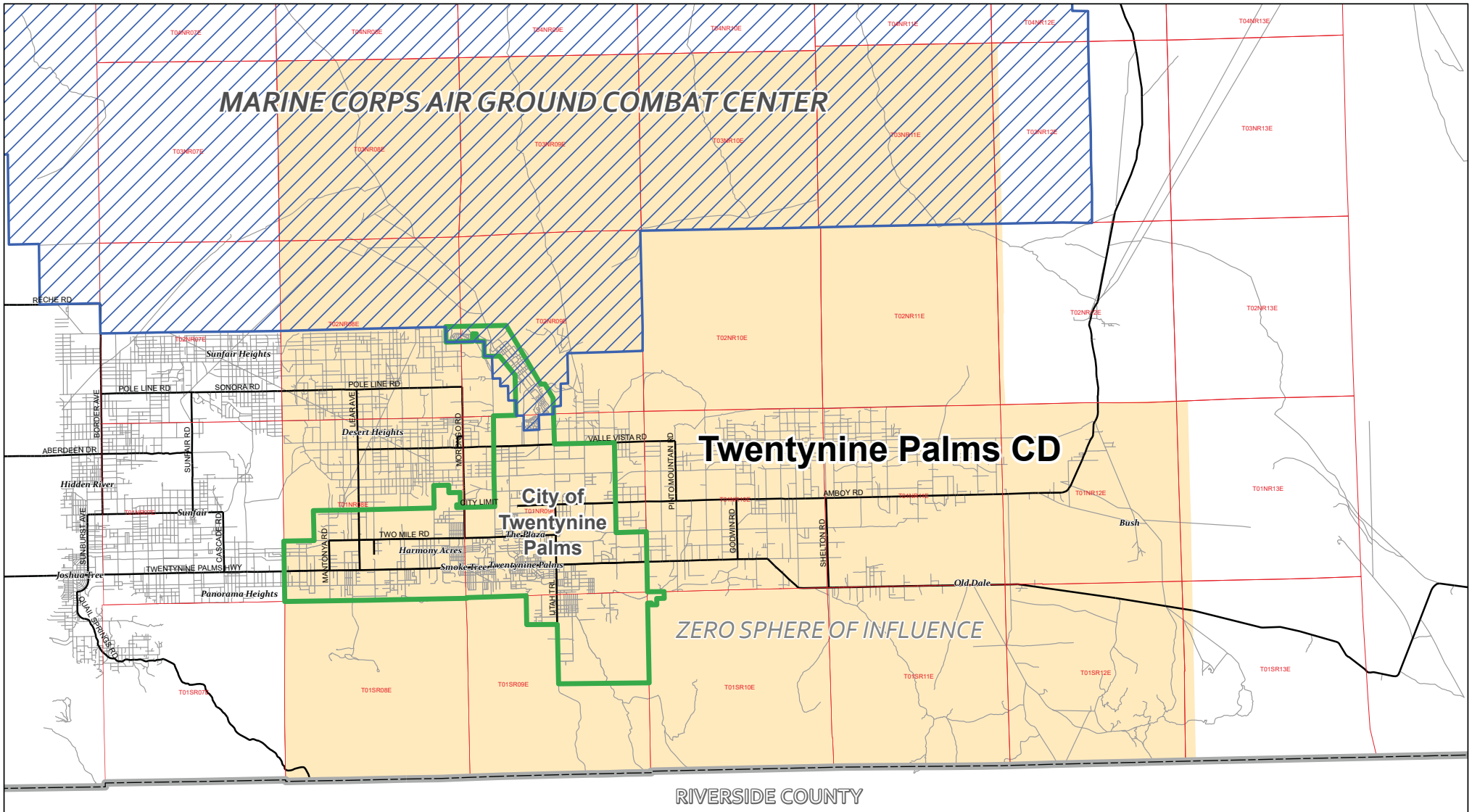
8. AB 1234 (State Ethics Requirements)

- Does your district have a written policy to compensate board members for attendance at events beyond just board meetings, committee meetings and conferences? No.
- Does you district have a written policy to reimburse board members for expenses? Yes.
- Does your district use IRS reimbursement rates or adopt a policy that specifies reasonable reimbursement rates? Yes, guided by County Policy.
- Are expense report forms provided to board members who require reimbursement? Yes. Are these completed forms retained on file as public documents? Yes.
- Do all board members and any board-designated employees take at least two hours of ethics training at least every two years and receive a certificate of completion? Yes.

Please return this questionnaire and any materials to LAFCO to either:

- LAFCO, 1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490
- **mtuerpe@lafco.sbcounty.gov**

FINAL DRAFT



Twentynine Palms Public Cemetery District

Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

0 2.5 5 10 Miles

N

- Twentynine Palms Public Cemetery
- District City of Twentynine Palms
- Marine Corps Air Ground Combat Center
- San Bernardino County Line

Author: Jeffrey Lum Map Created: 8/5/2020

1. LAFCO Conclusion and Recommendation

LAFCO concludes that the Twentynine Palms Cemetery District suffers from historical governance and operational challenges resulting in lack of continuity, training, and numerous structural deficiencies due to neglect and maintenance backlog. The two previous general managers of the District were terminated with cause based on evidence of misconduct pertaining to suspected embezzlement and fraud. The successive general managers were terminated in 2012[1] and 2020[2], respectively. Restitution was ordered and satisfied in the first case and is pending for the second case.

LAFCO concludes that since Spring 2020, current district staff have commenced with governance training, general upkeep, correcting structural deficiencies, and health and safety improvements.

LAFCO recommends that the Commission continue to monitor the Twentynine Palms Public Cemetery District, with the first status report scheduled for LAFCO's May 19, 2021 meeting.

2. Overview and Brief History

In 1934, voters approved the formation of the Twentynine Palms Cemetery District to provide cemetery services to Twentynine Palms, Wonder Valley, and outlying areas. The District is an independent special district with a five-member appointed board of trustees and operates under Public Cemetery District Law (Division 8, Part 4 of the Health and Safety Code). The District's boundaries cover approximately 650 square miles and includes portions of the Twentynine Palms Marine Corps Base and Joshua Tree National Park. Currently, the District operates one cemetery located at 5350 Encelia Avenue in Twentynine Palms. The District owns 30 acres, 20 which are developed. According to the District website, there are approximately 4,215 interments.

3. Boundary and Sphere of Influence Review

This review identifies no boundary or sphere of influence matters for the District.

4. Previous Service Review and Other Reports

This agency's first service review from 2012 raised concerns regarding the District's fiscal health, lack of a master plan, and other financial and operational issues.[3] Based on the reasons described in the May 2012 service review, LAFCO designated a zero sphere of influence for the District. Further financial and organizational issues were discovered subsequent to the approval of the service review and a reconsideration of the service review was conducted in November 2012 allowing further public testimony and Commission consideration. The Commission made no change to the zero sphere determination.

5. Growth and Population Projections

The District's population is primarily concentrated around central Twentynine Palms, with limited development throughout the remainder of the District. As shown below, the population estimates for 2012 and 2040 do not identify any significant growth areas.

---

[1] Superior Court of California. *People of the State of California vs. Cassandra Dobler. Case Number: FMB1400595*
[2] Superior Court of California. *People of the State of California vs. Stacey Lynn Lee. Case Number: FMB20000014*
[3] http://www.sbcounty.gov/lafco/items/201211/Item_7.pdf

Figure 4-1: 2012 Population

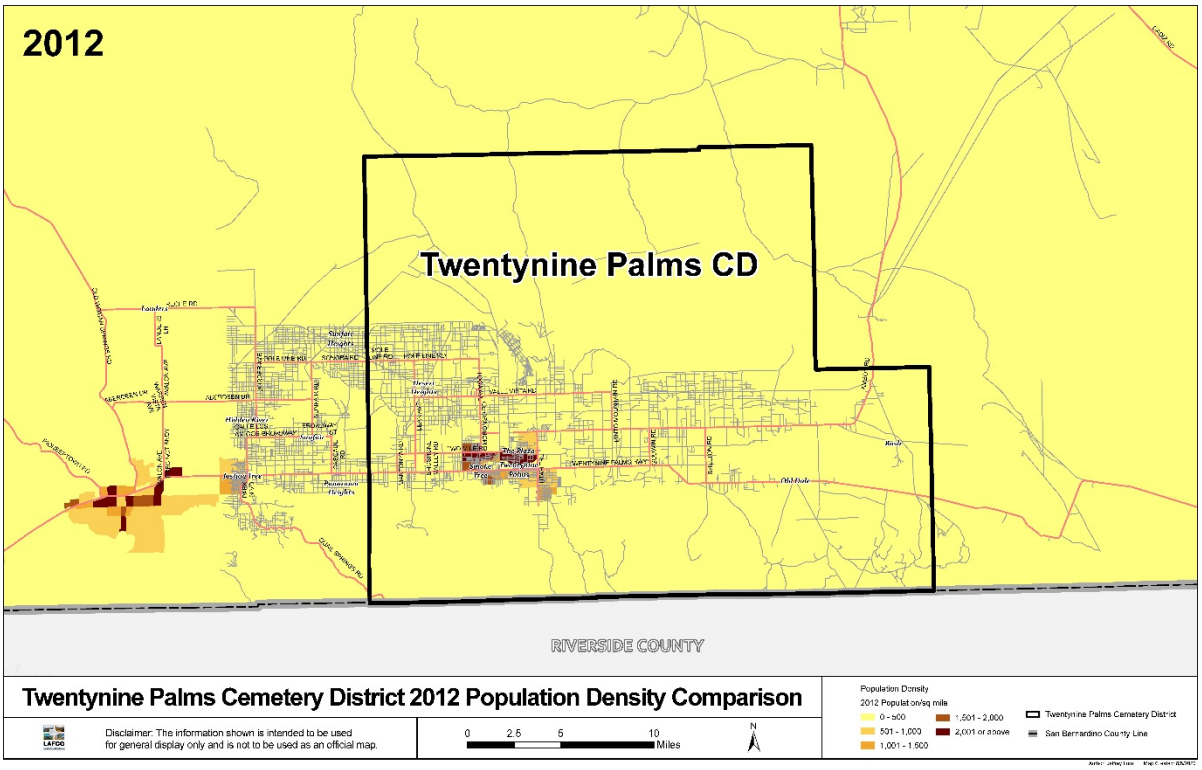
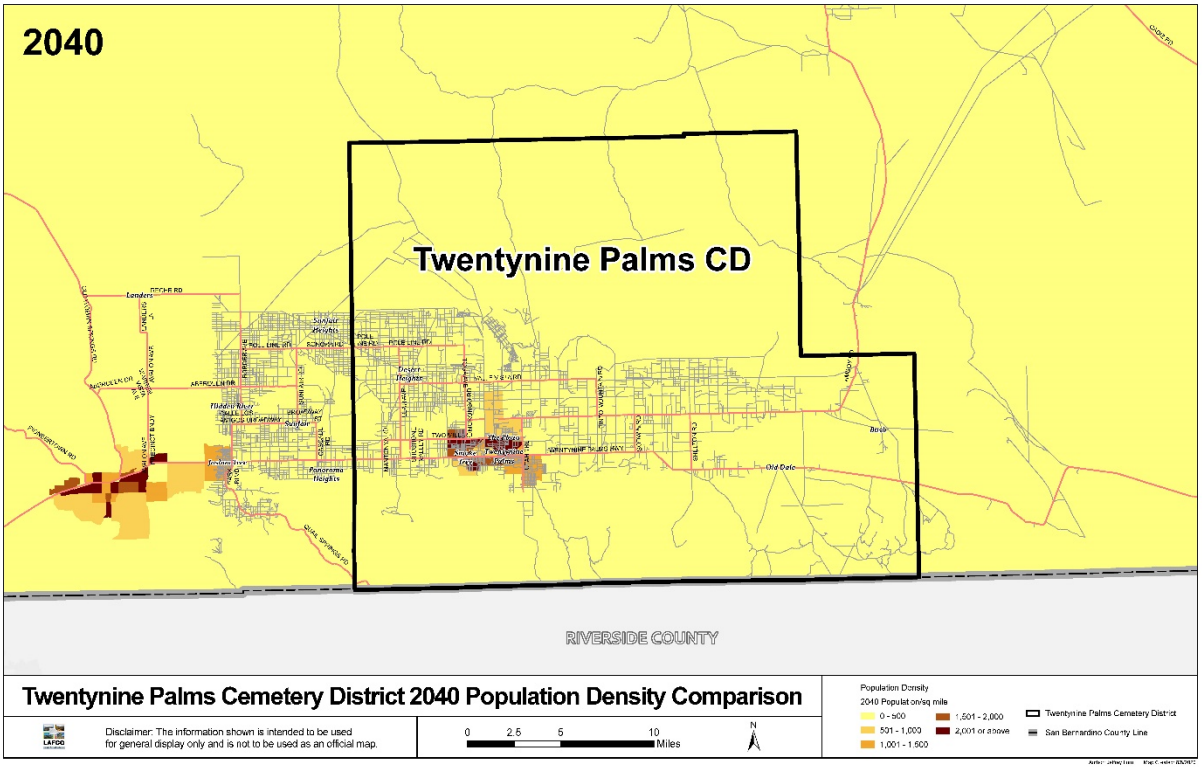


Figure 4-2: 2040 Population

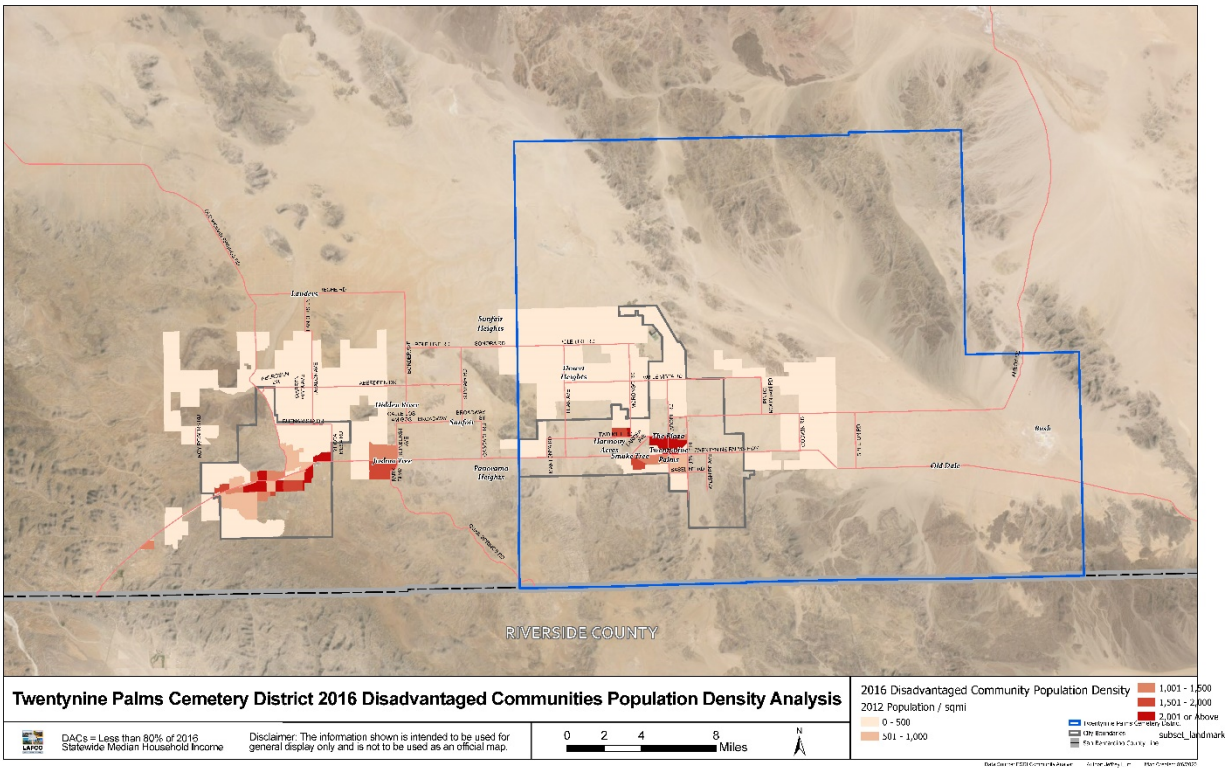


6. Disadvantaged Communities, Location and Characteristics

State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas. More information on the laws and requirements regarding Disadvantaged Communities is available in Appendix C: Primers to this report.

The figure below identifies the location of the disadvantaged communities with the District overlay in blue outline. For this region, LAFCO uses a density factor of 500 people or more per square mile.

Figure 4-3:
Disadvantaged Communities with Population Density



The table below identifies the characteristics of incorporated Disadvantaged Communities with population densities of more than 500 people per square mile.

Table 4-1:
Characteristics of Disadvantaged Areas within Twentynine Palms Public CD

Population	7,528	Median Household Income	$39,633
Households	3,045	Per Capita Income	$21,424
Median Age	27.8	Unemployment Rate	26.4%

Source: ESRI, August 2020

7. Facilities and Services

The District completed a LAFCO questionnaire regarding governance and operations. The District's response is included at the rear of this agency's profile.

A. Present and Planned Capacity of Public Facilities

The District operates one cemetery located at 5350 Encelia Drive in Twentynine Palms. The grounds cover 30 acres, 20 of which are developed. As of September 24, 2020, the cemetery had:

- 4,215 filled sites
- 629 sold but empty sites
- 2,606 unsold sites

According to the District, internments for the past three years were 29 (2017), 29 (2018) and 23 (2019). At this rate, it would take 112 years for the cemetery to reach capacity, not counting the additional 10 acres of empty land.

B. Adequacy of Public Services

Given the remote nature of the District, as well as the need for internment services, the public service is adequate.

C. Infrastructure Needs and Deficiencies

During a site visit, LAFCO staff noticed deferred maintenance and historical lack of general upkeep. The current staff have commenced with general upkeep, correcting structural deficiencies, and health and safety improvements.

The District irrigates with domestic water and not from a well. Domestic water from the Twentynine Palms Water District is more costly than pumping untreated water from a well.

8. Financial Ability to Provide Services

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the agency's own financial documents (audits, budgets). Additionally, LAFCO's Fiscal Indicators Program shows fiscal trends for an agency and allows for an agency comment.[2] The information below incorporates all of the information and sources identified above.

A. Overview

Revenues are comprised of service fees, the District's share of the general property tax levy, and interest. The vast majority of the revenues are derived from service

[22] http://sbclafco.org/FiscalIndicators/IndependentDistricts/TwentyninePalmsCemeteryDistrict.aspx

fees. The District does not offer a defined payment retirement plan to its employees; therefore, it does not have any pension liability.

The most recent audit, FY 2018/19, offers the following highlights:

- The assets of the District exceeded its liabilities at the close of the year by $593,159. Of this amount, $104,430 may be used to meet the District's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the District governmental funds reported combined ending fund balances of $348,384, an increase of $58,272 in comparison with the prior year.

- At the end of the current year, unreserved fund balance for the general fund was $99,547 or 45% of the total general fund expenditures.

B. Funds

The District maintains three operating funds with the County Treasury, which are listed below. A local checking account is maintained for depositing cash and monies received until they are transferred to the County Treasury.

- General Fund: for regular income and expenses
- Pre-Need Fund: for the sale of reserve space for future burial
- Endowment Fund: remains in perpetuity, only the interest and gains can be used

General Fund

The fund labeled "General" 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.

A trend of operating gains or deficits is a key indicator of the financial health of an agency. The figure below shows the General Fund balance for the period of FY 2013/14 through FY 2018/19. The fund balance has decreased by 29% within five years with Total Revenues increasing by 36% and Total Expenditures increasing by 13%. Expenditures have exceeded revenues annually from at least 2013/14 through 2017/18, resulting in an annual decline in fund balance. However, the Pre-Need Burial Fund receives revenues for burial expenditures and transfers funds to the General Fund for this purpose. Note that in 2015/16, a large capital expense accounts for the deficit for that year. What this reveals is a lack of reserves to cushion necessary capital purchases. Moreover, any unexpected expenses could further challenge the General Fund, prompt service reduction, fee increases, or cause the General Fund to enter into negative territory and result in a running deficit.

Table 4-2:
General Fund Balance

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	5 yr Var
REVENUES							
Charges for services	7,627	18,244	19,571	23,464	26,508	53,777	605%
Property taxes	176,768	179,914	183,587	186,353	192,777	197,292	12%
Other	2,680	2,949	11,718	4,858	16,876	3,426	28%
Total Revenue	$ 187,075	$ 201,107	$ 214,876	$ 214,675	$ 236,161	$ 254,495	36%
EXPENDITURES							
Salaries & Benefits	148,949	173,204	186,404	188,507	185,153	154,418	4%
Services & Supplies	23,150	33,695	49,891	51,733	53,474	37,415	62%
Other	21,162	22,283	177,540	18,796	34,266	25,996	23%
Total Expenditures	$ 193,261	$ 229,182	$ 413,835	$ 259,036	$ 272,893	$ 217,829	13%
Revenues less Expend.	(6,186)	(28,075)	(198,959)	(44,361)	(36,732)	36,666	
OTHER FINANCING							
Transfers In	28,646	45,816	143,144	11,924	19,971	9,572	
Fund Balance Begin	118,121	140,581	158,322	102,507	70,070	53,309	-55%
Fund Balance End	$ 140,581	$ 158,322	$ 102,507	$ 70,070	$ 53,309	$ 99,547	-29%

General Fund Liquidity

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of FY 2018/19, unreserved fund balance of the General Fund was $99,547, which is the same as total fund balance. Unassigned fund balance represents a 46 percent of total General Fund expenditures. Therefore, the liquidity of the General Fund is adequate.

The Government Finance Officers Association ("GFOA") currently recommends that regardless of size, general-purpose governments should maintain unreserved fund balance in their General Fund of "no less than two months of regular general fund operating revenues or expenditures." A General Fund balance of a lesser level exposes the General Fund to the risk of not being able to meet cash flow requirements, economic uncertainties, or other financial hardships. As shown on the chart below, the District's unreserved fund balance has exceeded the general rule of more than two months of regular General Fund operating expenditures.

Table 4-3:
General Fund Liquidity

General Fund (GF)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total GF expenditures	$ 193,261	$ 229,182	$ 413,835	$ 259,036	$ 272,893	$ 217,829
Unreserved GF fund balance	140,581	158,322	102,507	70,070	53,309	99,547
(as a % of total expenditures)	*73%*	*69%*	*25%*	*27%*	*20%*	*46%*
Total fund GF balance	$ 140,581	$ 158,322	$ 102,507	$ 70,070	$ 53,309	$ 99,547
(as a % of total expenditures)	*73%*	*69%*	*25%*	*27%*	*20%*	*46%*

sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Endowment Fund

The District maintains an Endowment Fund which includes monies paid for every interned person to be held as a perpetual endowment. Pursuant to State law, the board of trustees may not spend the principal of the Endowment Fund. However, the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)). Note that in FY 2015/16, the District made a one-time transfer from the Endowment Fund to the General Fund. The purpose of the transfer was related to capital improvements. The figure below shows the fund balance of the Endowment Care fund for the same time period.

Table 4-4:
Endowment Fund

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	5 yr Var
REVENUES							
Charges for services	930	4,315	2,289	5,094	3,775	5,369	477%
Interest & investment	4,036	5,720	3,809	1,827	557	6,665	65%
Total Revenue	$ 4,966	$ 10,035	$ 6,098	$ 6,921	$ 4,332	$ 12,034	142%
EXPENDITURES							
Total Expenditures	$ -	$ -	$ -	$ -		$ -	
Revenues less Expend.	4,966	10,035	6,098	6,921	4,332	12,034	142%
OTHER FINANCING							
Other							
Transfers In (Out)	-	-	(138,521)	-	-	-	
Fund Balance Begin	342,972	347,938	357,973	225,550	232,471	236,803	-31%
Fund Balance End	$ 347,938	$ 357,973	$ 225,550	$ 232,471	$ 236,803	$ 248,837	-28%
***Endowment Principal**	$217,322	$222,196	$224,935	$212,812	$232,524	$214,563	-1%

sources: Statement of Revenues, Expenditures, and Fund Balances and Balance Sheets

Pre-Need Burial Fund (fiduciary fund)

Fiduciary funds are used to account for assets held by the District as an agent or trustee for individuals, private organizations, other governments and/or other funds. The Pre-Need Burial Fund is a private-purpose trust fund that transfers funds from its earnings to the General Fund to finance burial expenditures.

The District provided information demonstrating adequate tracking of the Pre-Need Burial Fund. This fund experiences an annual increase and appears to be healthy.

Table 4-5:
Pre-Need Fund

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	5 yr Var
NET ASSETS							
Unrestricted	2,381						
Restricted	215,929	203,899	217,239	228,905	226,239	232,738	8%
Total net assets	$ 218,310	$ 203,899	$ 217,239	$ 228,905	$ 226,239	$ 232,738	7%
source: Statement of Fiduciary Net Position							

Long-term Debt

The District's long-term debt obligations consist of compensated absences payable. District employees have accumulated unpaid vested benefits of $2,391 as of June 30, 2019.

C. Capital Outlay

During LAFCO's site visit on September 22, 2020, District staff identified numerous structural deficiencies due to neglect and maintenance backlog. Since Spring 2020, the District has approved a number of capital repairs.

9. Shared Facilities

A. Status of Shared Facilities

The District identified that it does not share facilities with other agencies.

B. Opportunities for Shared Facilities

An opportunity may exist for the District to lease its non-used land to other public agencies. Section 9054 permits a district to use or lease land acquired for future cemetery use to a public agency for recreational use. The District identifies that approximately ten acres are unused at this time.

10. Accountability

A. Board Members

Records show that community interest in board membership historically has been low. An option afforded in Public Cemetery District law is for the board to request through resolution that the County Board of Supervisors reduce board membership from five members to three members (§9020, §9025). In the LAFCO staff's view, limiting membership to three members for such a large geographical area would not promote any oversight efficiencies; a full membership of five members should be sought by the District and the County Board of Supervisors to promote adequate oversight of District affairs and community participation in an important service.

Alternatively, the County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains, but the governing body would be different.

B. Internment Records

The District uses a cloud based archive (CemSites) to account and mark its sites. The online system is available to the public via the District's website.

C. Completion and Filing of Financial Documents

The District is current with completion of its financial statements.

D. Policy Manual

The District identifies that it is currently updating its policies and resolutions with the aid of its attorney.

E. Website Transparency

Senate Bill 929 added Government Code §6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist.

However, agencies should address these criteria to comply with current website requirements.

Table 4-6:
Website Checklist

Twentynine Palms Public Cemetery District Website Checklist website accessed 9/16/2020 www.29palmscemetery.org			
Required			
		Yes	***No***
Government Code §53087.8	Agency maintains a website with current contact information? *(required for independents special districts by 1/1/2020)*	✓	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	✓	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	✓	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	✓	
The following are recommended for agency websites by a number of governance associations and organizations.			
		Yes	***No***
Description of Services?		✓	
Service area map?		✓	
Budgets (past 3 years)?		✓	
Board meeting schedule?		✓	
Audits (past 3 years)?		✓	
List of elected officials and terms of office?		✓	
List of key agency staff with contact information?		✓	
Meeting agendas (last six months)?		✓	
Meeting minutes (last six months)?		✓	
Notes:			

11. Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address possible options. Such options should consider:

- Improving public participation, local accountability, and governance;
- Producing economies of scale and improving buying power in order to reduce service costs;
- Enhancing capital improvement plans;
- Improving the ability to provide and explain budget and financial data; and
- Improving the quality and/or levels of service.

Evaluation of these options should weigh:

- Long-term savings of the change versus related transition costs;
- Cost-benefit of restructuring the current governing body and/or administration to any proposed alternative;
- Impact on operating cost (short and long-term) due to government structure changes; and
- Impact of government structure options on an agency's financial stability.

Structure Options that include LAFCO

1. Consolidate the two independent cemetery districts (Barstow and Twentynine Palms). This option would consolidate the two independent districts under one governing body. Administratively, there could be economies of scale – fewer administrative staff. Operationally, there would not be economies of scale due to the need to house heavy equipment at each location since the distance between cemeteries is roughly 100 miles. For the governing body, an independent district with two zones roughly 100 apart does not lend to local governance. Therefore, this option is not feasible.

2. Combine all public cemeteries (Barstow, Twentynine Palms, Lucerne Valley, and Searles Valley) by forming a County Service Area, governed by the County Board of Supervisors, to function as a single-purpose agency for all public cemeteries. Administratively and operationally, there would be economies of scale, as a single entity would conduct administration and operations. For the governing body, there would be a single body to govern all public cemeteries in the county. However, the two dependent districts (Lucerne Valley and Searles Valley) provide more than one function and separating these functions would reduce the community nature of the current form of governance in these communities. Further, this option would require an election. Therefore, this option is not feasible.

Structure Options that do not include LAFCO

3. Cemetery service to be provided by the City of Twentynine Palms. Current law (Health and Safety Code §8125) authorizes cities to survey, lay out, and dedicate for burial purposes no more than five acres of public lands. The District operates more than five acres. If the City were to succeed to the District's cemetery services, special legislation would need to occur and there is statutory precedent for authorization. In 2008, AB 1932 (Smyth) authorized the City of Simi Valley to operate a cemetery on public lands containing five acres or more. Should the City desire to succeed to the District's services and facilities, special legislation would be required.

4. The County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains but the governing body would be different.

5. Outsourcing financial and/or administrative duties. The board of trustees would have to weigh the cost-benefits of outsourcing versus in-house management.

Sources:

Twentynine Palms Cemetery District
Financial Statements
Website. www.29palmscemetery.org. Accessed 16 August 2020

LAFCO
Fiscal Indicators Program
LAFCO 3152 - Service Review and Sphere of Influence Update for the Twentynine Palms Public Cemetery District
Site Visit 22 September 2020

Agency Name	**TWENTYNINE PALMS PUBLIC CEMETERY DISTRICY**
Agency Contact Name	Emily Barry Helm

1. **Please provide a roster of board members.**

Member Name	Position	Term Expiration
Mary Kay Sherry	Chair	January 2022
Kathleen Arbaczewski	Vice-Chair	January 2022
Rebecca Rinkes	Trustee	January 2024
Jo Ann Larsen	Trustee	January 2024

2. Government Code Section 9028(b) requires the appointment of a Secretary, which may be either a trustee or district employee. Provide the name of the appointee (trustee or employee). Emily Barry Helm, District General Manager

3. If the District has appointed a Finance Director to manage its funds, it must require a bond for that person. If the District has a Finance Director, please confirm that person is bonded. N/A

4. What is the current size (sq. miles) of your district's territory? How much unused land remains for future cemetery use? 15 Miles / Approx.10 Acres

5. Cemetery Districts are permitted to lease currently unused land which is set aside for future cemetery use. Does your District lease any land to private organizations (e.g. cell phone towers, non-profits) or public agencies (e.g. city, schools) for continual or one-time use? No

6. Has the District adopted policies and procedures, including bidding regulations, governing the purchase of supplies and equipment? We are currently in the process of updating all Policies and Resolutions, with the aid of our Attorney, pertaining to the District.

7. **Please provide copies of:**
   a. Most recent budget approved by the board.
   b. Five most recent audits accepts by the board, of you have not already provided them to LAFCO.
   c. Fee Schedule
   d. Endowment Policies

8. **AB 1234 (State Ethics Requirements)**

- Does your district have a written policy to compensate board members for attendance at events beyond just board meetings, committee meetings and conferences? No, our Board of Trustees does not receive any compensation.
- Does your district have a written policy to reimburse board members for expenses? I am not aware of this document. If necessary, we will have our Attorney compose a Policy with an appropriate Resolution or if the county has a current Policy that would be specific to San Bernardino's regulations, we will follow their direction.
- Does your district use IRS reimbursement rates or adopt a policy that specifies reasonable reimbursement rates? When applicable, the district uses the most current IRS reimbursement rate.
- Are expense report forms provided to board members who require reimbursement? Are these completed forms retained on file as public documents? I am not aware of this document. If necessary, we will have our Attorney compose a Policy with an appropriate Resolution or if the county has a current Policy that would be specific to San Bernardino's regulations, we will follow their direction.
-
- Do all board members and any board-designated employees take at least two hours of ethics training at least every two years and receive a certificate of completion? The Twentynine Palms Public Cemetery is aware of the requirement of Ethics Training and as of this date 3 Trustees have completed the training an the remaining Trustee and General Manager will have it completed by Sept 15, 2020.

Please return this questionnaire and any materials to LAFCO to either:

- LAFCO, 1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490
- **mtuerpe@lafco.sbcounty.gov**

APPENDIX A:
Comments to the First Draft and LAFCO Staff Responses

LAFCO provided each agency the opportunity to provide technical review and input to a working copy.

In addition, the Barstow Cemetery District provided comments to the First Draft.

From: Tuerpe, Michael
To: "Barstow Cemetery"
Cc: Martinez, Samuel
Subject: RE: LAFCO First Draft
Date: Monday, November 9, 2020 11:37:00 AM

Melinda,

Thank you for taking the time to review the draft staff report.

Your comments below will be added to the report text and will be included in their entirety as a part of Appendix A (Comments).

Michael Tuerpe
Senior Analyst
Local Agency Formation Commission for San Bernardino County
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490
(909) 388-0488 Direct
(909) 388-0481 Fax
www.sbclafco.org

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From: Barstow Cemetery <barstowcemetery@hotmail.com>
Sent: Friday, November 6, 2020 10:11 AM
To: Tuerpe, Michael <mtuerpe@lafco.sbcounty.gov>
Subject: Re: LAFCO First Draft

Hi Michael,

Since your visit, I have been in touch with CSDA, CAPC and other small special district cemeteries. They are sharing their resources and experience and I am soaking it up.

Last week Barstow Cemetery District's Board of Directors retained legal counsel. Our lawyer will be helping us to update our policies.

We are currently searching for the right financial advisor. Mojave Water Agency has offered their experience and professional resources to implement a plan for significant water reduction along with grounds beautification.

We are now applying for grants to help with other deficiencies. I have attached some of

the requested documents and will be sending more on Monday.

I want to thank both you and Sam for pointing me in the right direction.

Thank you,
Melinda

APPENDIX B:
Acronyms and Definitions

Acronyms

BSM	Burial Space Manager
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees Retirement System
CIP	Capital Improvement Plan/Program
CSA	County Service Area
CSD	Community Services District
DAC	Disadvantaged Community
DUC	Disadvantaged Unincorporated Community
FY	Fiscal Year
GIS	Geographic Information System
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
NPL	Net Pension Liability
OPEB	Other Post-Employment Benefits
PEPRA	Public Employees Pension Reform Act
SBCERA	San Bernardino County Employees' Retirement Association
SOI	Sphere of Influence
UAL	Unfunded Accrued Liability

Definitions

Capital Improvement Plan/Program – A capital improvement plan or program is a short range plan, usually five to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

Dependent Special District – A special district whose board of directors is another legislative body, such as a city council or board of supervisors.

Fiduciary Fund – A fund used to account for assets held by the District in a trustee or agency capacity that cannot be used to support the District's own programs. The Pre-Need Burial Fund is a private-purpose trust fund which transfers funds from its earnings to the general fund to finance burial expenditures.

Governmental Fund – A fund used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include the operations and maintenance of the cemetery.

Independent Special District – A special district that has a directly elected board of directors.

Other Post-Employment Benefits - Benefits (other than pensions) that are provided to retired employees. These benefits principally involve health care benefits, but may also include life insurance, disability, legal and other services.

Pre-Need Burial Fund - The Pre-Need Burial Fund is a private-purpose trust (fiduciary) fund which transfers funds from its earnings to the general fund to finance burial expenditures.

Special District – A local government agency formed pursuant to general law of the state or special act.

Sphere of Influence – A plan for the probable physical boundary and service area of a local agency.

Subsidiary District – A district of limited powers for which a city council is designated as the ex-officio board of directors of the district. At least 70 percent of district territory and 70 percent of the district's registered voters must be within the city limits for a district to become a subsidiary district.

APPENDIX C:
Primers

Disadvantaged Communities

Pension Liability and Contributions

Spheres of Influence

Disadvantaged Communities

The State of California adopted a definition of disadvantaged community (or "DAC") through passage of Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002. This measure added §79505.5(a) to the California Water Code and defines a disadvantaged community as a *"community with an annual median household income that is less than 80 percent of the statewide annual median household income."* For 2016, 80% of the statewide median household income is $50,043.[1] State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas.

Disadvantaged Unincorporated Communities

Gov. Code §56033.5 defines DUCs as "...*inhabited territory [12 or more registered voters]...or as determined by Commission policy, that constitutes all or a portion of a "disadvantaged community"...* with less than 80% of the median household income.

Particular to LAFCOs, the state mandate is to identify the location and characteristics of disadvantaged unincorporated communities (or "DUCs"). Gov. Code §56375 specifically prohibits an annexation to a city of any territory greater than ten acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation unless an application to annex the entire disadvantaged unincorporated community has also been filed.

Need for Consistency

The DAC definition, as defined in Water Code §79505.5(a), differs from the definition of a DUC in two important ways: (1) a DUC must be inhabited, and (2) DUCs comprise unincorporated territory only, not territory within cities. For purposes of further defining a DUC, San Bernardino LAFCO policy defines a community as an *inhabited area comprising no less than 10 dwelling units adjacent or in close proximity to one another.*

Alternatively, Gov. Code §65302.10 (General Plans) identifies a DUC as being 80% or less than the median household income. This is in contrast to Water Code §79505.5 and Gov. Code §56033.5 which reads less than 80%.

Other State agencies, such as the California EPA, use alternative criteria to identify disadvantaged communities for grant funding purposes. The different criteria used to identify disadvantaged communities at the local and state government levels is confusing and complicates implementation of a consistent approach to addressing our disadvantaged residents. While staff recognizes the difficulty in developing a one-size-fits-all definition, LAFCO staff's position is that additional work should occur Statewide to develop a method for identifying disadvantaged communities that is more consistent yet recognizes the diversity of communities and geographies in California.

[1] Environmental Systems Research Institute (ESRI)

Pensions – Liability and Contributions

Public agencies can belong to the California State Public Employees Retirement System ("CalPERS"). This plan experienced lower than projected earnings combined with investment losses during the recession. This increased each member agency's Unfunded Actuarial Liability ("UAL")[2], which in turn increased employer contribution rates and UAL payments.

With the recent adoption of amortization and smoothing policy changes by the CalPERS Board to address the severity of the underfunding, significant employer contribution rate increases have already begun. A League of California Cities 2018 study states that, "Rising pension costs will require cities over the next seven years to nearly double the percentage of their general fund dollars they pay to CalPERS. For many cities, pension costs will dramatically increase to unsustainable levels."[3] The 2018 study also revealed that increasing pension costs as a percentage of General Fund spending would affect cities more than the state.

Many factors determine an agency's long-term fiscal health, but an important element is developing and articulating clear fiscal policies. Such policies will help mitigate fiscal crisis and allow for a prudent response. The important thing is not the size of the liability, as the monthly payments and the agency's ability to make those payments given their resources.

In July 2020, CalPERS, the nation's largest pension trust fund, issued actuarial reports for each agency plan that identifies annual contributions that participating agencies must make to CalPERS through FY 2026-27. The minimum required employer contribution includes two components:

- **Normal Cost %** - this represents the annual cost of service accrual for the upcoming fiscal year, for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process. This cost is often divided between the employer and its employees.

- **Unfunded Accrued Liability ("UAL") Payment** – this represents the amortized dollar amount needed to fund past service credit earned (or accrued) for members wo are currently receiving benefits, active members, and for members entitled to deferred benefits.

CalPERS saw its trust fund plummet in value during the Great Recession as its pension obligations mushroomed, leaving it with only slightly more than 70 percent of the assets needed to satisfy promised pensions. To reduce its unfunded liability, CalPERS has been ramping up mandatory payments from local governments. Agencies that employ

[2] Colloquially, the phrase "unfunded liabilities" is interchangeable with "unfunded actuarially accrued liabilities" (UAAL), "unfunded actuarial liability" (UAL), or "net pension liability" (NPL).
[3] League of California Cities. League of California Cities Retirement System Sustainability Study and Findings. January 2018.

large numbers of police officer and firefighters are hit hardest because they have the highest pensions and therefore the highest pension costs.

PEPRA

The Public Employees' Pension Reform Act of 2013 ("PEPRA") became effective on January 1, 2013. CalPERS expects employer rates to stop growing around 2024 as more new employees are hired with lower pensions under PEPRA.

EFFECTS ON SERVICE DELIVERY

The annual CalPERS *Funding Levels and Risks Review*, clearly states that the ability of local government employers to pay their annual pension costs is a primary concern. The report states, "The greatest risk to the system continues to be the ability of employers to make their required contributions."[4]

Throughout California, the rapidly escalating pension obligations are pushing some agencies to the brink of insolvency, forcing them to slash spending for not only safety services but other municipal services as well. To close budget gaps, a proliferation of sales tax ballot measures have been presented to voters throughout California with mixed results. Land use planning has also been impacted as agencies look to promote development that maximizes property tax and/or sales tax revenues. Unfortunately, as the figures indicate, the squeeze will tighten.

Whereas any agency may be cash solvent, budget solvent, and long-run solvent, it may not be service-level solvent. Service level solvency is the ability of an agency to fund the services at levels that its citizens desire. An agency may appear to be financially solvent, but it may not be able to support general activities at an adequate level. An increase in service level or large expense would affect cash, budget, or long-run solvency.

Increasing pension payments as a percentage of general fund spending will affect an agency's ability to fund operations and capital investment of all general fund activities, to include but not limited to fire protection, emergency medical services, law enforcement, park and recreation, streetlighting, roads, social services, etc…. In other words, increasing pension and OPEB payments affect service level solvency.

[4] California Public Employees' Retirement System. *2019 Annual Review of Funding Levels and Risks*. November 2019. https://www.calpers.ca.gov/docs/board-agendas/201911/financeadmin/item-7a-01_a.pdf

Spheres of Influence

Government Code Section 56076 defines a "sphere of influence" as a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO.

The purpose of a sphere of influence is to encourage the logical and orderly development and coordination of local government agencies to provide for the present and future needs of the county and its communities. The statement of purpose adopted by San Bernardino LAFCO for spheres of influence include seven points. Those pertinent to this study are:

- To promote orderly growth of communities, whether or not services are provided by a city or district (board governed or independently governed);

- To encourage economical use and extension of facilities by assisting governmental agencies in planning the logical and economical extension of governmental facilities and services, thereby avoiding duplication of services;

- To provide assistance to property owners in relating to the proper agency to comprehensively plan for the use of their property;

- To encourage the establishment of urban-type services only within an adopted sphere of influence.

San Bernardino LAFCO has adopted ten polices related to a sphere of influence. Those pertinent to this analysis are:

- RESPONSIBILITY/OBLIGATION FOR A SPHERE OF INFLUENCE AREA

  When a sphere of influence is assigned, a city or district is required to commence long range land use and service planning activities, thereby enabling it to respond to any annexation requests it might receive from landowners or residents within the sphere. By accepting a sphere of influence, a city or district agrees to plan for the provision of services.

- URBAN DEVELOPMENT WITHIN A CITY SPHERE

  LAFCO takes the position that any new urban development which occurs within a city sphere of influence should take place as close to the city's urban area as possible. This position is emphasized for two reasons: first, so that contiguous areas may easily be annexed to the city; and secondly, so that the new urban area can be served by reasonable extension of the city's already developed municipal services.